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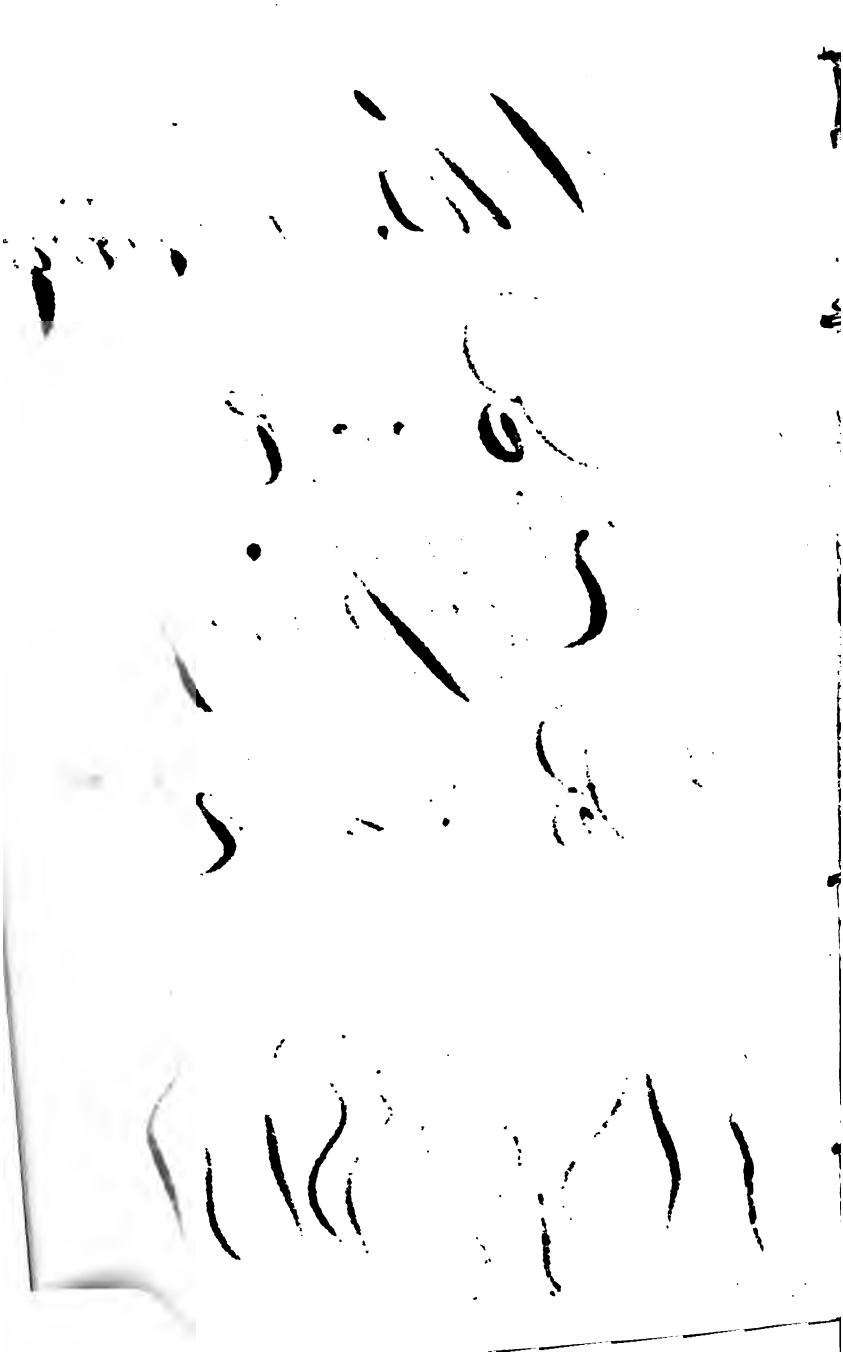
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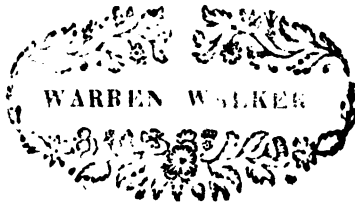
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A  
PRACTICAL TREATISE  
ON  
BOOK-KEEPING,  
ON A NEW PLAN:

CONTAINING

- I.—General Book-keeping, for the use of Farmers, Mechanics, Professional Men, and other Non-mercantile persons, including an Explanation of Partnership Accounts.
- II.—Retailers' Book-keeping.
- III.—The Principles of Double Entry Book-keeping.

FOR THE USE OF COMMON SCHOOLS.

BY P. MAC-GREGOR,

ACCOUNTANT AND ATTORNEY AT LAW.

NEW YORK:  
NEWMAN & IVISON, 199 BROADWAY.  
CINCINNATI: MOORE & ANDERSON. CHICAGO: S. C. GRIGGS & CO.  
AUBURN: J. C. IVISON & CO.  
1852.

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## PREFACE.

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THE present treatise claims the following advantages over those already before the public.

1st, *The methods explained possess more completeness.* They furnish the means of recording everything regarding a person's pecuniary affairs which ought to be remembered; whereas other treatises find no place for many of great importance. Contracts may be mentioned as an instance. These bind the parties as much as direct purchases or sales; yet there is no systematic means for entering them explained in any treatise which I have ever seen; and I have examined not a few. The evils that arise from this defect are by no means small. Goods, for instance, are sold on condition that they shall be removed by such a time. In the interval they are destroyed by fire, stolen, or seriously damaged; and then comes the question, who is to bear the loss—the seller or the purchaser? That will depend upon the question, at whose risk were they during the interval? As nothing is recorded bearing on this point, recourse must be had to uncertain litigation, whereas a brief minute of the particulars would end the difficulty at once. But no place for such a minute is found in the books, either when they are at the risk of the seller, or when they have not been delivered; for in these cases they cannot be immediately

## PREFACE.

debited to the purchaser ; and if this has actually been done, the purchaser may justly allege that the entry is incorrect. Again, two parties differ regarding the terms of a contract made in the presence of a third party. The latter cannot say positively how it was, and there is not a scrap written upon the subject. They have recourse to litigation, which ends in mutual dissatisfaction, both of which would have been prevented by a brief minute in a book. If it be said that contracts ought to be formally written, I reply that this is in many cases impossible, except with a loss of time which will more than counterbalance the advantage.

2d, *The plans are more simple.* The learner is not required to post at all in general book-keeping, nor to enter a transaction twice before posting in Retailers' and thrice in Merchants' book-keeping. Part III. exhibits a plan of double entry applicable to any kind of wholesale business, which dispenses entirely with the cumbrous machinery of a Waste-book and a Journal: and instead of *three* entries previous to posting, *one* only is generally required. The disadvantages attendant on keeping the two books just mentioned, will be found discussed in Part III., Section VII.

3d, *The practical directions are more full and precise, and there is a clearer statement of fundamental principles.* Every person acquainted with book-keeping, who has looked over our ordinary treatises, will acknowledge that they are very defective in this respect. While they propose puzzling difficulties of no practical value, they omit any clear directions regarding numerous difficulties which the young book-keeper is sure to encounter. The present work endeavors to supply directions regarding all such difficulties as are likely to occur, and to express

## PREFACE.

in clear terms the general principles on which most of the practical rules are based.

4th, *A greater variety of methods is explained, and the learner is introduced gradually to the more difficult points.* Part I. exhibits a plan of book-keeping suited to non-mercantile persons. Part II. discusses a method adapted to retailers. These are both by single entry; and various modifications are pointed out, which would be eligible in certain circumstances. Part III. exhibits a set of books by double entry, suitable for wholesale dealers. The attention of the learner is called to only one point at a time. He is first directed to that which is easily comprehended, and gradually introduced to that which is more difficult. Part I. prepares the way to an easy understanding of Part II., and the latter stands in the same relation to Part III. I have throughout made such arrangements and given such explanations, as will enable a person who cannot avail himself of the assistance of a teacher, to master every part of the book by his own unaided study. In other treatises we often find several sets which differ little from one another, while there is not one among them suitable for persons not engaged in mercantile pursuits, although these form the great majority of the community. In many treatises, there is nothing adapted to any person but wholesale dealers. To introduce a learner at the outset to double entry book-keeping—especially the intricate and clumsy system that generally goes by that name—is an excellent means of preventing him from ever understanding the subject, until he acquires some knowledge of it in a store or warehouse: and I believe this is one reason why scholastic study is so frequently found to have been of no avail. At the close of Part III. are briefly pointed out

## PREFACE.

the modifications necessary to adapt the double entry books to different circumstances.

5th, *One subject is completely separated from another.* Directions and queries, for instance, are not intermixed with the examples. The nature of the Cash-book is not discussed in the same section with that of the Leger, and the various forms used in business are discussed by themselves in the Appendix.

How far the above claims are well founded, is left to the decision of an impartial public.

Some authors give different sets of books for non-mercantile persons, such as one for farmers, and another for mechanics. This course only wastes the learner's time to no purpose, because the plan most suitable for one class of such persons is equally suitable for all, with only such slight modifications as are frequently necessary for two persons of the same class, placed in different circumstances. Thus the books of two carpenters will often differ more from each other than those of a carpenter and a farmer. All such differences, however, do not in the least affect the general plan, which is the same in every case. To discuss all the little peculiarities requisite to adapt books precisely to the particular circumstances of every individual, is quite impossible, because they are innumerable. But such a discussion is entirely unnecessary, because every one who masters the general plan will have no difficulty in introducing such slight modifications of it as his case requires, if, indeed, any such alteration be necessary, which, in most cases, it will not be.

I have not touched upon the books of corporations or public offices, because they are so extremely varied in form that little of practical value could be said on the subject, and so simple that a person who masters the pre-

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sent treatise can experience no difficulty in understanding those properly planned by others, or forming a plan for himself, if circumstances require him to do so.

In studying the following sections, the learner should thoroughly master one before he proceeds to the next. If he is at a loss in understanding any of the directions, let him turn to the illustrative examples; and if he meets with allusions to things with which he is unacquainted, he will probably find these explained in the Appendix, to which he can refer as occasion requires.

I have given no *questions for examination*, because they only help to dispense with thinking on the part of the learner, and with diligence and a proper knowledge of the subject on the part of the teacher. Young persons who have been taught such branches as book-keeping, by question and answer, are generally found to understand little of the subject. This is precisely what might be expected; for few of that age will give themselves the trouble of understanding a subject, where they can pass, by merely repeating answers to a string of printed questions. A teacher who understands the subject can never be at a loss for questions more suitable than any that could be given in a book.

Besides examining learners on the principles and rules, the teacher should propose examples, and require them to be written out on a slate, black-board, or a piece of paper, as they would be entered in real books, with the proper lines and dates. For this purpose he may give cases similar to the examples in the book; but he should always change the names, so that the pupils cannot easily perform the exercise aright without understanding the subject. The practice of making them write out in a blank volume, a regular set of books, is not advisable.

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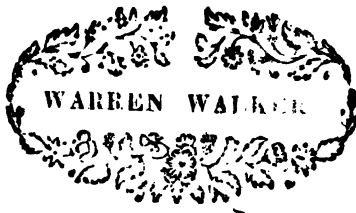
For some subjects are easily understood, and others require repeated exercise. By using the slate, black-board or paper, he can dwell on every subject to the extent required, and no longer; whereas a regular book consumes the same amount of time on every subject, whether easy or difficult.

The teacher should pay particular attention to *principles*. A good knowledge of book-keeping, like that of many other subjects, depends on a right apprehension of a few fundamental principles, which being once mastered, all the rest follows as a matter of course, with the aid of a little close application and perseverance.) Pupils and teachers should pay more attention to these, and employ examples merely for the sake of illustration and practice. Most treatises on book-keeping consist mainly of examples, a great part of which might be omitted without any detriment whatever, since one tells no more than another. To make up a book of an immense assemblage of examples, mostly identical in everything but the names and sums, is a very easy way of filling up a volume; but it is one which must be very unfavorable to a scholar's progress in a practical knowledge of book-keeping; and there is no doubt that the ignorance on this point of many teachers and scholars is owing mainly to the very defective text-books generally employed, which were frequently written by persons possessing no practical acquaintance with the subject. The present work owes its origin to the author's discovering, while giving instructions on the subject, that there was no other before the public suitable for giving learners a practical knowledge of book-keeping. The plans here unfolded have been proved by experience to be well adapted to the purposes for which they are designed.

## PREFACE.

Many works give a variety of rules and tables which belong to Arithmetic. I have confined myself to such subjects as are strictly connected with book-keeping, and refer those who wish to obtain information on such topics to works which discuss the various subjects with fullness and accuracy, instead of the meagre and frequently inaccurate statements given in treatises on book-keeping.

NEW YORK, 75 Nassau St., }  
1st August, 1850. }





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## INTRODUCTION.

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Use of book-keeping—The art cannot be mastered without study—Characteristics of good book-keeping—How they are to be secured—Ultimate objects of book-keeping.

*Book-keeping is the art of recording pecuniary affairs, so as to exhibit a clear and systematic view of the whole and of every component part.* It is useful to every person who owns property, or is in the habit of receiving and paying money. Not only is he unable to remember the actual state of all his affairs, but these often pass, as in cases of sudden absence, sickness, or death, into the hands of one whose knowledge of them must be derived exclusively from his books. A simple chronological record of transactions would not generally enable us to ascertain the state of our own or another person's affairs without an immense degree of labor. Hence the necessity for that *systematic classification* which alone deserves the name of book-keeping. The pecuniary ruin of many is distinctly traceable to ignorance of the state of their affairs, arising from their inability to record their transactions in a proper manner.

It is sometimes asserted that book-keeping can be learned only by practice, and that the methods adopted by different parties vary so much as to render previous study of little avail. I reply that correct *practice* must be based upon a right conception of *principles*, and that this can be acquired only by study. It is true that young men who have passed through a course of scholastic instruction, are sometimes found ignorant of the princi-

## INTRODUCTION.

ples just mentioned ; but the same is more frequently true of those who have obtained all their knowledge of the art from merely practising the routine of some mercantile establishment ; and there are instances in which a person whose whole knowledge of the subject was acquired at a seminary, showed himself capable of instructing those who had merely *practised* book-keeping for years. Here, as in many other cases, correct practice is based upon a knowledge of principles. With respect to difference of methods, all are based on the same principles, so far as they are right, and the objection founded on such differences is as futile as it would be to object to the study of Land-surveying, because the student does not know the exact nature or extent of the ground which he may have to survey. A person who has fully mastered the principles of book-keeping, can readily understand any method that deserves the name, or form for himself such a plan as may be suitable to the nature of his business.

The principal characteristics of good book-keeping are correctness, completeness, precision, perspicuity, and conciseness. The first and second are evidently of the utmost importance, and nothing can in the least compensate for their absence. If an erroneous statement be discovered, it should be rectified by expunging what is erroneous, and giving a correct statement ; for correctness is of much more consequence than a fair appearance. Words or figures in original entries should be expunged by drawing a line through them, so as not to conceal the writing, and marking an *E* (error) in the margin. They should not be erased, or scratched out, for that might possibly excite a suspicion that the book had been purposely vitiated. In transferred entries, however, erasures are allowable when they can be used to advantage. Vagueness or ambiguity of expression is a great fault, since it leaves us in doubt as to what is asserted. Hence every statement should be so precise as to imply neither more nor less than was intended. When you have a choice of words, you should always employ the more de-

## INTRODUCTION.

finite; for that tells the most. Thus, if you are charging a man with a hat, you should not say *Merchandize*, and if you charge him with calico prints, you should not write *Cottons*. Every expression should be so free from ambiguity that the meaning can be apprehended without any difficulty. Conciseness in book-keeping is very desirable, since it saves time in making entries, and diminishes the chances of error, while it enables us to obtain any required information much more easily than if the books were disfigured with verbosity or unnecessary repetition. We may err, however, in being too brief. A statement can never be too correct, complete, precise, or perspicuous; but it is too brief whenever it fails to convey clearly all that it ought to do. We must, therefore, take care that conciseness does not run into obscurity, or defective information. Thus, for example, the quantity, quality, and price of goods should be stated so fully as to obviate any future doubts on these points.

To guard against incorrectness, *every transaction should be recorded without loss of time*, while it is fresh in the memory. Another indispensable requisite to correctness is *undivided attention*. Where a person's mind is distracted with various thoughts, while making his entries, it cannot reasonably be expected that he should not frequently fall into error. The best means of guarding against incompleteness of information, is *to choose a suitable plan, and adhere to it in every particular*.

To avoid ambiguity or vagueness of expression, *we should always consider the import of our terms, and never employ any without knowing its exact meaning*. Persons often err in this respect from overlooking the fact that a statement which appears very clear and precise while we *remember* several particulars not written down, may be quite obscure, even to ourselves, by the time we have forgotten those particulars. Our entries should be such as to convey to a person entirely ignorant of the transactions, a precise and correct notion of everything which ought to be known.

## INTRODUCTION.

Prolixity is best avoided by *considering attentively what we want the books to show, and keeping this steadily in view, in determining both our general plan and our mode of recording particulars.* A method which would be very proper in one kind of business, may be very unsuitable in another. Thus the multifarious concerns of a merchant require more books, and more complex methods than the simple transactions of a farmer. By making choice of an unsuitable method, a person's books may contain many useless repetitions and particulars, while at the same time they may fail, on several points, to afford the requisite amount of information. With respect to particular statements, nothing should be written except what ought to be remembered.

The form and number of the books should vary with the nature of the transactions; yet the ultimate objects are always the same. They are chiefly the following: 1st, to show the party's obligations to others, and those under which they lie to him, whether settlement of simple debts, delivery of goods, payment of bills, or fulfillment of contracts: 2d, to give a view of the pecuniary results of all his undertakings, and of the various parts of his property: 3d, to exhibit, at regular intervals, a succinct account of the whole state of his affairs. The best method is that which effects these objects to the extent required, in the clearest and shortest manner.

# PART I.

## GENERAL BOOK-KEEPING.

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By this term is meant that kind of book-keeping which is suitable for persons not engaged in mercantile pursuits, such as farmers, professional men, manufacturers,\* and mechanics. The books requisite for such persons are three, a *Cash-book*, a *Leger*, and a *Memorandum-book*. Many consider that one book is sufficient in such cases. But the plan of keeping only one book will inevitably lead to one or other of two evils. Either the book will exhibit a chaos of heterogeneous materials, extremely difficult to unravel, or else it will exhibit only a part of the individual's affairs. Those, therefore, who approve of such a plan, must either have been inexperienced in book-keeping, or have kept their books in a very irregular and imperfect manner. Some attempt to remove the difficulty by keeping what they call a "Cash Account" in the Leger, and making minutes of various transactions throughout the book. This plan is by no means eligible: for it saves no labor, and renders

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\* We allude to manufacturers who do not retail their productions. Those who do, will come under the class of Retailers, and should keep their books by the method explained in Part II. The same remark applies to such manufacturers as give out materials to be worked up beyond their own premises.

it very difficult to ascertain the state of our affairs; while many persons' cash transactions are so numerous that it would be extremely difficult to keep them in the form of a Leger account. The three books might indeed be kept in different parts of the same volume; but this would not constitute them one book. The plan of keeping them entirely separate, however, is preferable; for by this means we can more easily find any required entry.

. The three books mentioned above will generally answer all purposes. For everything concerning the receipt and payment of money is put down in the Cash-book; the sums due you from others, and those which you owe, as well as the state of any part of your property of which you wish to preserve a particular account, appear in the Leger; and all other particulars are recorded in the Memorandum-book.

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## Section I. The Cash-Book.

Directions for making the entries—How error is detected—Nature and method of balancing—Plan of writing the Dr. and Cr. entries promiscuously—General remarks—Objects of a Cash-book—Mode of dispensing with separate entries of small payments—Examples.

THE Cash-book contains an account of all sums of money received and paid. Its form is essentially the same in all kinds of book-keeping. It generally contains two corresponding sides, a *Debtor* and a *Creditor*—written *Dr.* and *Cr.* The person *Dr.* and *Cr.* is always the owner of the book, technically styled *Cash*.\*

The money on hand when you commence is entered on the *Dr.* side as "Stock, on hand." Every sum *received* is entered on the same side, in regular order. The term *Dr. to*, at the

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\* This may be considered an abridgment for *cash payer and receiver*.

top of the page, is always understood before every entry; and the whole expression implies that you are indebted for the amount to the person from whom, or the thing for which it is received. The consideration for which it is received should always be stated; but when it is of no consequence from whom it has been received, the giver's name may be omitted, and it can be entered simply as Dr. to the thing for which it has been received. When it is paid on account, or there is some other reason for showing the payer's name, it should be entered to the payer, with a statement containing every particular which ought to be remembered. When a payment is made which amounts to the whole sum due, it is indicated by the term "in full." If the sum paid be only a part of the whole claim, you say "in part," or "on account." When you say simply for certain goods, it is understood to be in full for these. The year is written in the first column, at the top of the page, and on the same line the term "*Dr. to*" on the Dr., and "*Cr. by*" on the Cr. side.\* Before every entry, in the same column with the year, is entered the month and day on which the transaction occurs. The name of the same month need never be repeated; and when several transactions occur on the same day, do not repeat the figure, but merely make two commas or strokes.

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\* The usual practice is to write only "Dr." and Cr." at the top, on the same line with the title, and to repeat the "To" and "By" before every entry. The method adopted in the present treatise saves some space and trouble, while it keeps the titles more distinct. Some write "For" on each side, instead of "To" and "By." If any person prefer this term, he can of course adopt it. The former are more generally used. Those who adopt the latter, maintain that it is improper to make a person Dr. to a thing; but they do not observe that it is equally improper, strictly speaking, to make a thing Dr. to a person. Indeed the former expression can be rendered quite correct by supplying the elliptic words (thus—A. B. Dr. to C. D., *for* a thing); whereas the latter expression is intrinsically improper.

The money columns are always double, the first being for dollars, and the next for cents.\*

On the Cr. side is entered every sum *paid out*, the term "Cr. by" at the top of the page being understood before every entry. The general directions given for the Dr. apply to the Cr. side, as both are quite similar.

If you should find yourself in possession of money which is worth less than the amount for which you received it, you enter the difference on the Cr. side as "Loss," and add "on counterfeit money," or "uncurrent money," as the case may be. You make a similar entry when, through your own carelessness, or another's fraud, you have lost money which cannot be recovered.

As the Dr. side contains the sum originally on hand, with all the additions afterwards made to it, and the Cr. side contains all the sums withdrawn or lost, the difference between the two sides should always be equal to the cash on hand. When the case is otherwise, either the book is in error, or some cash has been lost or abstracted, of which you were not aware; and if the source of the discrepancy cannot be discovered, after doing your utmost to that effect, you must enter the deficiency on the Cr. side as "Loss, mode unascertainable," and a surplus on the Dr. side as "Surplus, origin unknown," or words to that effect.† When the cash on hand agrees with the book, it is to be presumed that all is right, unless a false entry has been made, to conceal a sum withdrawn fraudulently. It is evident, however, that if a receipt and payment of the same amount had

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\* The same remark applies to every book ruled with money columns. As the use of these columns is well understood, the abbreviations \$ and cts. need not be written at the top.

† Most writers on book-keeping are totally silent regarding such difficulties: but as no ordinary degree of care or skill can always prevent them, the learner should know how he is to dispose of them. A treatise on book-keeping should be adapted to mankind as they are, not to what they might be.

both been omitted, the two would agree, while the book was incorrect. Hence every entry should be carefully made, without loss of time.

When we add up the two sides, and take the difference, in order to determine what cash should be on hand, we are said to *balance* the Cash-book. In such cases, the money actually on hand should always be counted, as a check both upon the accuracy of the book and upon error or fraud. The Cash-book should be balanced on the night of the last day of every month, or if that should be Sunday, on the morning of the day following. When the Cr. side is equal to the Dr. it indicates that there is nothing on hand; and therefore, if such be actually the case, you simply write down the amount of each column in the proper place, and draw a double line below. In such cases, you commence the next month with the first receipt. As a person cannot pay away more money than he has, the Cr. should never exceed the Dr. side. If it do so in fact, the book is certainly in error. When the Dr. side is greater, you enter the difference on the Cr. side "*Balance, to next month,*" and then close as in the former case. Commence the next month by writing the difference on the Dr. side as "*Balance, on hand,*" and so on, from month to month.

If the folio\* should become full in the course of the month, you add up each side, and opposite the amounts write "Carry over." Write the same sums for the first entries on the next folio, and opposite each write "Carried over."

When the entries on one side are more numerous than those on the other, draw an oblique line across that side which contains the smaller number, and enter the amount exactly opposite that on the other page. If one class of entries is always more numerous than the other, the vacant space which would occur by writing them on different pages may be saved by writing

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\* The two opposite pages of a book are so named, when the Dr. side is on the left hand, and the Cr. on the opposite page.

the receipts and payments in different columns on the same page, as in Example II. This method is very convenient where the entries on the Dr. side are very few, as in the case of all persons who receive their incomes only at stated periods. The plan does not differ essentially from the ordinary method ; and the same directions apply to both.

The following principle determines the column of every receipt and payment, in any Cash-book : *You are Debtor for what you receive, and Creditor by what you pay or lose.*

The principal objects of a Cash-book are 1st, to show what sums have been received and paid, and on what account ; and 2d, to show what cash there ought to be on hand. It is very important, not only as a means of ascertaining what obligations have been discharged or contracted, but also as exhibiting the various sources of income and expenditure, with their comparative amounts, and as a check upon carelessness and dishonesty. It likewise forces us to see how rapidly numerous small outlays consume a large sum, a thing which it is very important we should understand, and which we cannot readily learn by any other method.

Some think it needless to enter in the Cash-book every small sum which they pay out ; and they remedy the omission by entering the difference between the balance of the book and the cash on hand at the end of the month as "Sundries," or "Petty Expenses." This plan is very objectionable, since it completely removes the check on error and fraud which the Cash-book would otherwise afford. It must be acknowledged, however, that it is frequently very troublesome to enter every small payment in the Cash-book. A good plan for dispensing with such entries would be, to withdraw or lay aside a small sum, to meet such payments, enter it at the time "Petty Expenses," as if it were actually paid out, and consider it no longer any part of the cash on hand. Those payments not entered separately should all be drawn from this sum till it has been exhausted, when another may be appropriated in the same

manner. The entries in the following examples, under January 1st, and February 15th, are supposed to be of this kind.

The Dr. and Cr. sides may be either on the same or on opposite pages. The latter method is preferable, since the former frequently crowds the page too much. As a narrow page will suffice, little additional expense is incurred.

When you have several cash dealings with one party, at the same time, you only *short extend* the particular sums; that is, you enter them without the money columns; and you *full extend*, or enter in the money columns, only the total sum paid or received, as in the entry under February 14th. This arrangement enables you to see afterwards the total amounts received or paid, without the trouble of adding up.

# Example I

		CASH;	
		Dr. to	
1848.			
Jan. 1	Stock, on hand, . . . . .		101 45
12	Silas Johnson, in part, . . . . .		35 —
19	20 bush. corn, at 75 cts., . . . . .		15 —
			151 45
Feb. 1	Balance, on hand, . . . . .		35 48
3	Alexander Murray, year's int. on \$1245.45,		74 73
8	Silas Johnson, bal. in full, . . . . .		65 25
"	Daniel Greene, on account, . . . . .		50 —
14	Halsted Sweet, for 2 tons hay, at \$9.75, \$19.50		
	" 212 lbs. beef, at 4½ cts., 9.54		
	" 87 " honey, at 14 cts., 12.18		
	" vegetables, . . . . . 1.25		
			42 47
15	Middletown Bank, semi-annual dividend, .		40 —
24	Donald Campbell, check on O. C. Bank, in full,		44 83
			352 76
Mar. 1	Balance, on hand, . . . . .		102 48

# **Ordinary Arrangement.**

		C O N T R A ;	
1848.		<i>Cr. by</i>	
Jan. 1	Petty expenses, . . . . .	5	—
10	Charles Young, for groceries, . . . . .	7	92
"	Loss, on uncurrent money, . . . . .	—	72
18	P. McGregor, in full, . . . . .	68	14
20	Thomas Halsey, John Walters' order, . . . . .	10	54
"	Elijah Stout, for repairing wagon, . . . . .	3	25
"	10 yds. calico, at 14 cts., . . . . .	1	40
25	William Smart, for 6 chairs, at \$1.50, . . . . .	9	—
"	Richard Jenkins, month's wages, . . . . .	10	—
31	Balance, to next month, . . . . .	35	48
			<hr/>
		151	45
			<hr/>
Feb. 9	John King, for yoke of oxen, . . . . .	72	—
15	Petty expenses, . . . . .	3	50
21	James Morgan, for bay horse, . . . . .	150	—
"	Andrew McPherson, for sundries, as per receipt, . . . . .	24	78
29	Balance, to next month, . . . . .	102	48
			<hr/>
		352	76
			<hr/>

## Example II

*The same transactions, differently arranged.*

		C A S H ;		Dr. to	Cr. by
1848.					
Jan.	1	Stock, on hand, . . . . .	101	45	
	"	Petty expenses, . . . . .			5 —
	10	Charles Young, for groceries, . .			7 92
	"	Loss, on uncurrent money, . . .			— 72
	12	Silas Johnson, in part, . . . . .	35	—	
	18	P. McGregor, in full, . . . . .			68 14
	19	20 bush. corn, at 75 cts., . . .	15	—	
	20	Thos. Halsey, John Walters' order,			10 54
	"	Elijah Stout, for repairing wagon,			3 25
	"	10 yds. calico, at 14 cts., . . .			1 40
	25	William Smart, for 6 chairs, at \$1.50,			9 —
	"	Richard Jenkins, month's wages,			10 —
	31	Balance, to next month, . . . .			35 48
			151	45	151 45
Feb.	1	Balance, on hand, . . . . .	35	48	
	3	Alex. Murray, year's int. on \$1245.45,	74	73	
	8	Silas Johnson, bal. in full, . . .	65	25	
	"	Daniel Greene, on account, . . .	50	—	
	9	John King, for yoke of oxen, . .			72 —
	14	Halsted Sweet, for 2 tons hay,			
		at \$9.75, . . . . . \$19.50			
		" 212 lbs. beef, at 4½ cts., 9.54			
		" 87 " honey, at 14 cts., 12.18			
		" vegetables, . . . . . 1.25			
			42	47	
	15	Petty expenses, . . . . .			3 50
	"	Middletown Bank, semi-annual div.,	40	—	
	21	James Morgan, for bay horse, . .			150 —
	"	Andrew McPherson, for sundries, as			
		per receipt, . . . . .			24 78
		Carry over, . . . . .	307	93	250 28

C A S H ;		<i>Dr. to</i>		<i>Cr. by</i>	
1848.	Carried over, . . .	307	93	250	28
Feb. 24	Donald Campbell, check on O. C.				
	Bank, in full, . . . . .	44	83		
29	<i>Balance</i> , to next month, . . .			102	48
		352	76	352	76
Mar. 1	<i>Balance</i> , on hand, . . . . .	102	48		

## Section II. The Leger.

Nature and objects of the Leger—Fundamental principles—Directions for opening, conducting, and transferring accounts—Use of the Index—Method of balancing—Plan of entering Drs. and Crs. promiscuously—Examples.

A LEGER exhibits a synoptical view of the state of particular accounts. Its principal object, in general book-keeping, is, to show how the owner stands towards the various persons with whom he has credit transactions.\* In order to this, an account is opened with every such person, by writing his name and residence in a large hand, for a title, with a Dr. and a Cr. side, as in the Cash-book. But observe that the person Dr. and Cr. is, not the owner of the book, but he whose name and address form the title of the account. When a sum is entered on the Dr. side of an account, it is said to be *debited*; when it is entered on the Cr. side, it is said to be *credited*.

The following principle determines where you are to enter every transaction belonging to the personal accounts.† *A person is Dr. whenever he becomes indebted to you, and Cr. whenever you become indebted to him.* No distinction is made between goods, cash, land, houses, bills, or money due for services. Thus, for example, when a person receives from you money, goods, or promissory notes, or when you give them on his behalf, the transaction is entered on the Dr. side of his account; but when he gives them to you, or on your behalf, it is entered

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\* Hence a person who deals exclusively on the cash system will require no Leger, unless he wishes to keep accounts for certain parts of his property.

† Under this head are classed not only accounts with firms, but also those with corporations, such as banks and rail-road companies. All these are debited and credited precisely like individuals. The titles in the Leger should always be those by which the parties would be designated in law.

on the Cr. side of his account. So, if you perform services on his behalf, for which he is indebted to you, his account is debited: if he performs services for you, his account is credited. When a person gives an order on you, he is debited, as if the amount had been paid to himself. If you give an order on him, he is credited, and the person who receives the amount is debited, unless you receive value on his behalf.

Checks and drafts are essentially money orders, and are entered precisely in the same way.\* In entering bills, you should always mention when they become due, since that is important to be remembered. A note, or order, formerly entered in a person's account, is not to be entered there when it is cashed. For when the party has once been credited or debited for the amount, this is equivalent to crediting or debiting him for the cash paid or received, which is all that ought to be entered. To credit a person for his promissory note, for example, and afterwards credit him for the amount when it was cashed, would be as absurd as to credit a person for a bank-note paid you, and then credit him for specie which he gave you in exchange for it.

If a note be given you for goods, the best way is, to debit the buyer for the goods, and credit him for the note, as this plan will exhibit the whole transaction. If he pay cash or give goods in part, you of course credit him for these also. So when you purchase goods on a note, or pay cash or goods in part, you credit the seller for their whole value, and debit him for whatever you give, whether note, money, or goods.

If a note should fail to be paid within a reasonable time after it becomes due, you show the fact by debiting the party for such a note, due such a day, and add "unpaid."† If he fail to pay

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\* Forms and explanations of the various kinds of bills, receipts, &c., are given in the Appendix, to which the learner is referred for farther information concerning them.

† This plan is preferable to making a minute of the circumstances in the Memorandum-book, since everything regarding the note is entered in the same place.

only a part, you debit him for the "balance" of such a note, "unpaid." In such cases you will of course credit him for what he may afterwards pay on the note. So if you fail to pay a note, you must credit the person to whom you gave it for the amount, in similar terms. A note indorsed to you is entered to the indorser's credit, as if it were his own; and when you indorse to another, you enter it to his debit, as if you drew the note.\* If checks and common money orders are transferable, you enter them, when indorsed, like notes.

It is desirable to have notes fall due at the usual season for settling accounts. Besides other advantages, this will enable you to dispense with any special entries regarding them in the Memorandum-book, as all the particulars will appear in reviewing the Leger. This book should be reviewed at least every half-year, in order to see what claims should be settled. In many cases, it should be reviewed quarterly.

If interest has accrued on a note at the time of settling it, the party to whom it is owing debits the other for interest on such a note, for such a time, and credits him for the cash paid for the same. The other party credits him for the interest, and debits him for the cash paid on that account. Interest is sometimes charged on book-accounts which are not settled at the proper time. In such cases the amount accrued is entered as interest on so much, for such a time; and the cash paid for

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\* These rules do not apply to accommodation notes, which are generally discounted by a bank, immediately after they are drawn. The indorser merely makes a minute of the transaction in his Memorandum-book. If afterwards required to pay, he debits the party on whose behalf he pays, for the amount. The person who receives the money when the note is discounted, credits the bank for the whole amount, technically styled *the face of the note*. If an indorser pays for him when the note becomes due, he debits the bank account, and credits that of the person who pays. In the case of accommodation drafts, the drawer credits the drawee for the amount; and when the latter accepts or pays, he debits the payee.

it is entered along with the rest of the payment, as it is not necessary to distinguish between the cash paid for interest and that paid for the original claim.

If a person pays cash for one of several articles purchased at the same time, that article is omitted in the Leger accounts of each party. So if a person who has an account with another, pays cash in full for a particular purchase, no Leger entry is made of it. It is sufficient to record such transactions in the Cash-book. For the object of a person's Leger account is, not to exhibit all the dealings you ever had with him, but only such as change the amount of indebtedness between you.

In case of goods being returned after they have been entered, you make no change in the original entry, but enter them on the other side of the account, and add the word "returned." This plan will not only prevent an unnecessary blot, but also exhibit a full view of the whole transaction; a thing which will be found useful in case of a mistake being committed by the other party. If returned goods be exchanged for others to which the same entry equally applies, no new entry need be made. But if they be exchanged for others of a different kind, the goods returned are entered as before, and those given in exchange debited to the purchaser, who of course debits for the former, and credits for the latter.\*

When you buy a variety of articles from a person at the same time, on credit, you should get a bill† of them, and preserve it till the account has been settled; for this will prevent any misunderstanding when you come to pay for them. It is not necessary, in such cases, to mention the particulars in the seller's account. You need only say, "Groceries," "Dry-

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\* When you exchange or barter goods for others of equal value, you need only minute the circumstances in the Memorandum-book. It is proper to do this, because it will show how you came by the property received, and parted with that given in exchange.

† Such bills are technically called *bills of parcels*, and must not be confounded with drafts or promissory notes, which are also called *bills*.

goods," or "Sundries," as the case may be, and refer to his bill for particulars by adding "as per bill." When you *sell* a person various goods on credit, you must enter all the particulars in his account. It is not sufficient to give him a bill, and refer to it: for possibly it may not be forthcoming at the time of settling, and reference must be made to your book.

When you buy from a person with whom you have an account, and pay cash, you should take a receipt: otherwise it may possibly be charged to you through oversight. If the article is not worth writing a receipt for it, do not pay for it, but let it be charged to your account. The best way, however, when you have an account with a person, is not to pay for particular articles at all; and if you pay to account, you can take a receipt. You should always take a receipt when you pay in full. All receipts and discharges should be preserved with care, to obviate any trouble from future demands for what has been already settled. Cases sometimes occur where, without any sinister intention, payment is demanded for what has been already settled; and the production of the receipt alone will prevent trouble and vexation.

When you charge one person for something given, or services rendered to another, you should always mention for whom the charge is made. Thus if you give six bushels of wheat to A, on account of B, you charge them to the latter as so much wheat, "to A." So if a physician charges a man with so many visits to some member of his family, the name of the individual should be mentioned. When the party charged is the only person obliged, his name need not be mentioned, except for the sake of distinction: for when no name is mentioned, he is understood.

If a person allows you when settling with him, a discount or an abatement on the amount credited in his account, you debit him for the amount you pay, and also for the discount or abatement, in a separate entry. So when you make a deduction from the amount charged against a person in your book,

you credit him for what he pays, and also for the deduction. Thus the book will show how much has been settled for, and in what manner.

If a party fails, you credit his account for "Loss, through bankruptcy," adding the amount per cent.\* If a debt owing to you is found to be all quite desperate, you write the word "desperate" after the term *Balance*, and close the account as if it had been settled.

It frequently happens that you are indebted to A, while he is indebted to B, who is owing to you. Instead of paying the demand all round, you receipt your bill against B, and deliver it to A, to whom it will serve as a voucher that he is entitled to a credit to that amount from B. You debit A for the amount which B remits him, and credit the latter for the same amount. The entry in E. Francis' account, under June 21st in the following examples, is a case of this kind. He is supposed to owe Jonah Valentine to the amount of \$10.25, or upwards, while the latter is owing to the owner of the book, who will give credit to Valentine for the amount in some such terms as "His claim against E. Francis, debited to my account." Another case of this kind is exemplified in S. Johnson's account, under September 14th. The owner of the book is supposed to have been indebted to O. Sears, whose account he would debit for the amount, in some such form as "S. Johnson's bill against him, remitted on my account."

If A owes you, while you are indebted to B, it will often save trouble if the former, instead of paying you, should pay B on your account. In this case you credit A and debit B, for the amount paid. B gives a receipt to A, on sight of which you give one to the latter, and keep that which he obtained from B. If the two parties live near each other, and at a dis-

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\* Where a private settlement is made with the creditors, as frequently happens, the word *insolvency* is preferable to *bankruptcy*.

tance from you, the two obligations would be most conveniently settled by your drawing on A, payable to the order of B.

The object of arranging the transactions with an individual by Dr. and Cr. is, to show at once how much is owing, and to whom, so that when you come to settle with a person, you can readily ascertain how you stand. As the Dr. side of a person's account contains every sum which he owes you, and the Cr. side contains every sum which you owe him, the difference is the whole sum due. This follows from the self-evident principle that *equal receipts and payments cancel each other*. Thus if a person gives you ten dollars' worth of goods, and you pay him seven, you owe him three: for the seven you paid cancel seven of the ten you owed, and leave your indebtedness the same as if you got three dollars' worth, and paid nothing.

Accounts of property, technically styled *real accounts*, are similar to those of persons. The following principle points out the items belonging to such accounts, and the mode in which they are to be entered. *The property is Dr. to what you give, and to the debts you contract or remit on account of it—and Cr. by what you receive, and by claims discharged or accrued on account of it*, as in the case of individuals. A few examples of this class of accounts are given in the following Leger. Their objects are, to ascertain what the property cost, the profit or loss on it, and what it ought to bring, if sold.

If a person is a stockholder in a corporation, and has at the same time credit dealings with it, he must keep the latter quite distinct from those of the stock: for they are essentially a personal, while the stock is a property account; and therefore it would cause much confusion to intermix them. The accounts of the Middletown Bank, in the following examples, illustrate the manner in which the two kinds of transactions are to be recorded, supposing a person wishes to keep an account for the stock.

The year, month and day are generally entered in all Leger accounts, nearly in the same manner as in the Cash-book. Ev-

ery transaction should be entered so fully as to convey all the information that may be required on that point, without reference to any other book. No distinction should be made between such as are entered in the Cash-book and those which are not. The former should be entered as if no such book was kept. Any advantage that might result from posting from the Cash-book or abridging its entries, would, in the present case, be more than counterbalanced by destroying the fullness and independence of the Leger. When nothing is said about the credit given, it is understood to be for the usual time. If it be longer or shorter than this, the particular time should be mentioned.

When you have several credit dealings with a person at the same time, or when you expend or receive at once several sums on account of property, the total amount only is entered in the money columns, the various items being short extended, as in S. Johnson's account, under November 29th.

As much space should be left for every account as you think it will occupy for a considerable time. If this should prove too small, the account must be transferred to another part of the book. In order to this, you add up the columns, and write opposite each amount, "To folio —," writing the folio to which the account is transferred. You commence the new account with the same title: write the respective amounts of the former account on the proper side, for the first entries, and opposite each write, "From folio —," giving the folio of the old account. When the allotted space turns out to be too large, the blank may be filled with another account.

If an omission has been made, you write the omitted entry after the others, with a cross in the margin, and another where it ought to have come, in the regular order of time, as in E. Francis' account, under April 4th. Interlining not only disfigures a book, but is apt to render the writing so cramped and confused as to be illegible; and hence it should be avoided as much as possible.

It is very inconvenient to arrange the accounts alphabetically. Hence an *Index* becomes necessary, to enable us to turn readily to any account. The titles of the various accounts are written down regularly in alphabetical order, under their initial letters, with references to the folios in which they stand.\* The title should always be entered in the *Index* before you write it in the *Leger*, lest you should afterwards forget to enter it in the *Index*, and thus possibly open another account with the same party. When an account is transferred, the new folio should always be marked in the *Index*. In a small *Leger*, the *Index* may be most conveniently written at the beginning of the book: but in a large *Leger* this would not be convenient; and it were better to have the *Index* entirely separate.

*Balancing* an account is, finding the difference between the Dr. and Cr. side. In personal accounts, if the former exceeds, the difference or balance is a debt due to the owner of the book. If the Cr. side exceeds, the difference is a debt due by him to the person or company whose name forms the title. If the two sides of an account are equal, it is said to balance; and nothing is due either way. In this case it is closed by simply writing down the sum of each column, and drawing a double line below.† But when there is a difference, enter it on the smaller side; close and commence a new account exactly as in the *Cash-book*, only that you use the word *Balance* simply. If necessary, the new account may be transferred to another folio, with a reference figure on the proper side, as in John Walters' account, in the examples.

In balancing property accounts, you may debit them with the interest of the purchase money from the time it was paid.

\* In lettering the *Index*, you should leave extra space for such letters as are of unusually frequent occurrence as initials, while less than average space may be allotted to those which are rarely initial, such as Q, X and Z.

† If one sum only is entered, you simply draw the line, as the amount is manifest without any additional process.

For as the interest is lost by paying so much cash, it is equivalent to so much paid on account of the property. The interest on other sums expended besides the purchase money, or original value, is often set off against that on cash received on account of the property; and no notice is taken of either. But if the sums thus expended and received should be very unequal, it will be proper to calculate the interest on each separately, up to the time in question, that on sums expended debited, and that on sums received credited to the account.\* The balance will then be the exact sum which the property ought to bring, in order to clear itself. If it should bring more, the excess will be so much net gain; if less, the difference is a loss.

As the process just described is often laborious, such accounts need not be balanced except when the owner contemplates selling the property, or is anxious to know exactly how it stands. In the following examples, the Bank Stock Account is balanced in the manner above prescribed. The pupil may, as an exercise, balance the preceding account in the same manner. In making out an account of the state of your affairs, you are to consider, not what property *ought* to bring, but what it *will* bring; and therefore property accounts need not be balanced at such a time.

If a person wishes to know how much he pays or receives for a particular thing, he can do so by opening an account for it in the Leger. In case of receipts, the account is Cr. for everything received: in case of outlays, the account is Dr. for everything given away. The sum total will of course exhibit the whole receipt or expenditure, under that head. Such accounts are balanced by simply writing the amount on the opposite side as a "Balance."

Particular accounts can be balanced when circumstances require; and all the personal accounts should be balanced at

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\* We do not allude to accounts of merchandise, as these never appear except in the Legers of mercantile men. Interest is not generally calculated on such accounts.

stated times—as often as once a year at the least. The best way generally is, to review the book at the usual time for paying accounts, and minute in a pocket memorandum-book, or on a piece of paper, all sums due or payable. When as many as possible have been settled, the Leger should then be balanced.

The learner should carefully distinguish between *an account balancing*, which happens when the two sides are equal, and *balancing an account*, which is finding the difference between the two sides. He should also observe that the term "*Balance*," at the close of an account, simply indicates that so much was due at the time, and by no means that the amount was paid. When an account is actually settled, the statement indicates the particular mode; and no balance is entered on the opposite side of the new account. Thus if John Walters owed you \$13.28, and paid the amount in cash, you would enter the sum in his account as "Cash, in full," (not "*Balance*,") and close the account. To prevent confusion, the term *balance* should be exclusively employed to denote merely the difference between the two sides of an account.

When a person's transactions are such that one side of his Leger accounts generally contains many more entries than the other, the blank space may be saved by having the Dr. and Cr. columns side by side, on the same page, and writing the entries promiscuously, in the order of time, as in Example II. of the Cash-book. This plan will frequently be found eligible for persons who often give and seldom take credit from the same parties, or the reverse. It differs so little from the other method that one or two examples will suffice to render it perfectly intelligible. \*

When a Leger is filled up, all the accounts are to be trans-

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\* When the Dr. and Cr. entries are distinct, it is better to arrange them on opposite pages, for the reason mentioned in the remarks on the Cash-book. If they are intermixed, you will employ the term *page* instead of *folio*, as the whole of an account will then be on one page.

ferred to a new one, as an account is transferred to another part of the same Leger, only that instead of saying "To folio —" and "From folio —" you write, "To Leger —, folio —," and "From Leger —, folio—." The first Leger filled is called *Leger A*; the second, *Leger B*, and so on.

To illustrate the method of balancing and transferring accounts, the following examples are continued after balancing; and they are supposed to be taken from Leger B, commencing with folio 9. The book is balanced on the first of April; and it will form a useful and easy exercise for the learner to balance it on the first of October following.

It is a common practice to separate the title from the account by a double line, while a single line divides it from the preceding account. This is as if a binder should bind the title-page of volume second at the end of volume first. The title is so immediately connected with the account that they should be separated by lines no more than a nominative should be separated by a period from its verb.



# INDEX TO LEGER B.

A.	Fol.	M.	Fol.
		Middletown Bank, Stock	
B.		Account, 12	
Brown, Isaac, . . . .	10	" Ac. Cur't, 10	
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Doonaught, Anson, . . . .	10	Q.	
E.		R.	
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G.		T.	
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House and Lot at Newburg, 11		V.	
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Jenkins, Richard, . . . . .	11	X, Y, Z.	
K.			
L.			

<b>Silas Johnson,</b>		
<i>Dr. to</i>		
1847.		
Oct. 4	4 cords hickory, at \$3.50, . . . . .	14 —
Nov. 29	123 lbs. butter, at 22 cts., . . . . . \$27.06	
	24 bush. apples, at 75 cts., . . . . . 18.00	
	6 " do. dried, at \$1.25, . . . . . 7.50	
	845 lbs. pork, at \$7 per cwt., . . . . . 59.15	111 71
		<hr/>
		125 71
1848.		
Apr. 4	4 cords oak, at \$2.50, . . . . .	10 —
12	20 bush. potatoes, at 75 cts., . . . . .	15 —
Sep. 14	8 " apples, at 56½ cts., . . . . .	4 50
<hr/>		
<b>John Walters,</b>		
<i>Dr. to</i>		
1847.		
Oct. 1	Balance, from Leger A, folio 48, . . . . .	2 14
Dec. 24	Cash, in part, . . . . .	5 —
"	J. Brown's note, indorsed to him, due 25th Jan. . . . .	43 25
1848.		
Jan. 20	His order, paid to Thomas Halsey, . . . . .	10 54
Mar. 16	10 bush. corn, at 70 cts., . . . . .	7 —
31	Balance, . . . . .	40 82
		<hr/>
		108 75
Apr. 25	Cash, on account, . . . . .	10 —
Mar. 30	52 lbs. butter, at 21 cts., . . . . .	10 92
July 1	My note, at 90 days, due Sept. 29th, . . . . .	24 40

<b>Newburg.</b>		
1847.	<i>Cr. by</i>	
Oct. 29	Groceries, as per bill, . . . . .	17 96
1848.		
Jan. 12	100 lbs. sugar, at $7\frac{1}{2}$ cts., . . . . .	7 50
"	Cash, on account, . . . . .	35 —
Feb. 8	Do. in full, . . . . .	65 25
		<hr/> 125 71 <hr/>
Aug. 28	My order in favor of Timothy Weed, . .	18 50
Sep. 14	Groceries, as per bill, . . . . .	3 85
"	His bill against O. Sears, receipted to me,	5 —
<hr/>		
<b>Goshen.</b>		
1847.	<i>Cr. by</i>	
Dec. 16	A sleigh, . . . . .	25 —
"	A double wagon, . . . . .	80 —
1848.		
Mar. 16	A plow, . . . . .	3 75
		<hr/> 108 75 <hr/>
Apr. 1	Balance, . . . . .	40 82
May 30	A wheelbarrow, . . . . .	4 50

<b>Isaac Brown,</b>			
<i>Dr. to</i>			
1847.			
Oct. 27	A fat ox, . . . . .	\$45.00	
	" heifer, . . . . .	30.00	
			75 —
<b>Anson Doonaught,</b>			
<i>Dr. to</i>			
1847.			
Nov. 17	2 loads oak, at \$1.25, . . . . .		2 50
<b>William Careless,</b>			
<i>Dr. to</i>			
1847.			
Oct. 4	50 lbs. butter, at 22 cts., . . . . .		11 —
"	2 bush. apples, at 56 cts., . . . . .		1 12
			12 12
1848.			
Apr. 1	10 bush. corn, at 75 cts., . . . . .		7 50
"	4 " potatoes, at $87\frac{1}{2}$ cts., . . . . .		3 50
			11 —
<b>Middletown Bank,</b>			
<i>Dr. to</i>			
1847.			
Dec. 2	Cash, deposited, . . . . .		500 —
Apr. 1	Balance, . . . . .		329 55
July 29	Cash, deposited, . . . . .		150 —

<b>New York.</b>			
1847.	<i>Cr. by</i>		
Oct. 27	Cash, in part, . . . . .	31	75
"	His note, in full, at 90 days, due Jan. 25th, 1848, . . . . .	43	25
		75	—
<b>Rowdy's Corner.</b>			
1848.	<i>Cr. by</i>		
Mar. 31	Balance, desperate, . . . . .	2	50
<b>Unlucky Hollow.</b>			
1848.	<i>Cr. by</i>		
Mar. 22	Cash, . . . . .	12	—
"	Abatement, . . . . .	—	12
		12	12
1848.			
Sep. 9	Cash, from Assignees, . . . . .	5	50
"	Loss, through bankruptcy, 50 per cent., .	5	50
		11	—
<b>Account Current.</b>			
1848.	<i>Cr. by</i>		
Mar. 4	My check to Cyrus Peters, . . . . .	120	45
25	Cash, withdrawn by myself, . . . . .	50	—
Apr. 1	Balance, . . . . .	329	55
		500	—
Sep. 30	My check to Henry P. Roberts, . . . . .	132	40

<b>Lewis Vail,</b>			
<i>Dr. to</i>			
1848.			
	From fol. 6,	20	—
June 24	Cash, in part, . . . . .	10	—
Sep. 30	My note at 90 days, due Dec. 29th, . . . . .	34	02
"	Joseph Monell's note, indorsed to him, due Nov. 7th, . . . . .	15	—
<b>Richard Jenkins,</b>			
<i>Dr. to</i>			
1847.			
Dec. 23	Cash, 2 mos.' wages, . . . . .	20	—
1848.			
Jan. 25	Do. 1 mo's. do. . . . .	10	—
Mar. 31	Balance, . . . . .	22	—
		52	—
Apr. 4	Goods from E. Francis, per order, . . . . .	15	21
June 23	Cash, in full, . . . . .	42	79
<b>House &amp; Lot, Water Street,</b>			
<i>Dr. to</i>			
1847.			
Oct. 1	Purchase money, paid C. Hill, . . . . .	3500	—
Nov. 3	Repairs, paid Jos. Wright, . . . . .	45	20
1848.			
Mar. 31	Cash, paid assessment, $\frac{1}{4}$ of 1 per cent., . . . . .	4	38

<b>Middletown.</b>		
1848.	<i>Cr. by</i>	
	From folio 6, . . .	49 33
May 4	Sundries, as per bill, . . . . .	23 44
July 3	Do. " " " , . . . . .	6 25
<hr/>		
<b>Washingtonville.</b>		
1847.	<i>Cr. by</i>	
Dec. 15	2 mos.' wages, . . . . .	20 —
1848.		
Jan. 15	1 mo's. do. . . . .	10 —
Feb. 15	1 do. do. . . . .	10 —
Mar. 15	1 do. do. . . . .	12 —
		52 —
Apr. 1	<i>Balance,</i> . . . . .	22 —
June 15	3 mos.' wages, . . . . .	36 —
<hr/>		
<b>Newburg.</b>		
1848.	<i>Cr. by</i>	
Apr. 1	Half-year's rent, from Amos Nicholson, .	150 —
Oct. 3	Do. do. from William Gillies, .	155 —

<b>Middletown Bank,</b>		
<i>Dr. to</i>		
1847.		
Nov. 1	Cash, paid Julius Van Alstine, for 10 shares, at \$100, . . . . .	1000 —
1848.		
Sep. 30	Interest on \$1000, for 11 mos., at 7 per cent.,	64 17
		<hr/> 1064 17 <hr/>
Oct. 1	Balance, . . . . .	982 07
<hr/>		
<b>Edward Francis,</b>		
<i>Dr. to</i>		
1847.		
Sep. 27	4 bush. apples, at 50 cts., . . . . .	2 —
30	Balance, . . . . .	12 14
		<hr/> 14 14 <hr/>
Oct. 11	Cash, in full to this date, . . . . .	12 14
20	970 lbs. hay, at 63 cts. per ewt., . . . . .	6 11
Dec. 18	Cash, in part, . . . . .	10 50
1848.		
Mar. 31	Balance, . . . . .	22 61
		<hr/> 51 36 <hr/>
May 18	Cash, on account, . . . . .	30 —
19	2 bbls. apples, at \$2.25, . . . . .	4 50
June 21	My bill against Jonah Valentine, receipted to him, . . . . .	10 25
	To folio 16, . . . . .	<hr/> 44 75 <hr/>

Stock Account.			
		<i>Cr. by</i>	
1848.			
Feb. 15	Cash, semi-annual dividend of 4 per cent. on 10 shares, . . . . .	40	—
Aug. 16	Do. " " " " . . . . .	40	—
Sep. 30	Interest on dividends, to this date, . . . . .	2	10
"	Balance, . . . . .	982	07
		1064	17
<hr/>			
Newburg.			
		<i>Cr. by</i>	
1847.			
May 3	18 yds. muslin, at 40 cts., . . . . .	7	20
July 9	Sundries, as per bill, . . . . .	6	94
		14	14
<hr/>			
Oct. 1	Balance, . . . . .	12	14
20	Sundries, as per bill, . . . . .	24	17
1848.			
Jan. 18	3½ yds. broadcloth, at \$3.75, . . . \$13.13		
	12 " shirting, at 16 cts., . . . . 1.92	15	05
		51	36
<hr/>			
Apr. 1	Balance, . . . . .	22	61
*May 18	A summer hat, . . . . .	1	50
June 14	10 yds. silk, at \$1.00, . . . . .	10	—
*Apr. 4	My order in favor of R. Jenkins, . . . .	15	21
	To folio 16. . . . .	49	32

1848.		Henry P. Roberts,	
		<i>Dr. to</i>	
		From fol. 7,	23 25
June 29	500 shingles, returned at cost, . . . .		2 50
Sep. 18	1150 lbs. hay, at 50 cts. per cwt., . . .		5 75
30	My check on Middletown Bank, in full, .		132 40

Middletown.		
1848.	<i>Cr. by</i>	
	From fol. 7,	20—
May 10	5000 feet pine boards, at \$1.50 per 100 ft.,	75—
12	4000 " frame timbers, at \$1.00 " "	40—
15	5500 shingles, at \$5.00 per 1000, . . .	27 50
Sep. 30	Interest on my note of Sep. 30th, 1847, for 1 year, . . . . .	1 40

*The two last Accounts, differently arranged.*

EDWARD FRANCIS, NEWBURG.		Dr. to	Cr. by
1847.			
May 3	18 yds. muslin, at 40 cts., . . .		7 20
July 9	Sundries, as per bill, . . .		6 94
Sep. 27	4 bush. apples, at 50 cts., . . .	2	
30	Balance, . . . . .	12 14	
		14 14	14 14
Oct. 1	Balance, . . . . .		12 14
11	Cash, in full to this date, . . .	12 14	
20	Sundries, as per bill, . . .		24 17
"	970 lbs. hay, at 63 cts. per cwt.,	6 11	
Dec. 18	Cash, in part, . . . . .	10 50	
1848.			
Jan. 18	3½ yds. broad cloth, at \$3.75, \$13.13		
	12 " shirting, at 16 cts., 1.92		15 05
Mar. 31	Balance, . . . . .	22 61	
		51 36	51 36
Apr. 1	Balance, . . . . .		22 61
4	My order, in favor of R. Jenkins,		15 21
May 18	Cash, on account, . . . . .	30	
"	A summer hat, . . . . .		1 50
19	2 bbls. apples, at \$2.25, . . .	4 50	
June 14	10 yds. silk, at \$1, . . . . .		10 —
21	My bill against Jonah Valentine, receipted to him, . . . . .	10 25	
	To fol. 16, . . . . .	44 75	49 32

<b>H. P. Roberts, Middletown.</b>		<i>Dr. to</i>	<i>Cr. by</i>
1848.	From fol 7, . . .	23 25	20 —
May 10	5000 feet pine boards, at \$1.50 per 100 ft., . . . . .		75 —
12	4000 feet frame timbers, at \$1.00, per 100 ft., . . . . .		40 —
15	5500 shingles, at \$5 per 1000, .		27 50
June 29	500 " returned at cost, .	2 50	
Sep. 18	1150 lbs. hay, at 50 cts. per cwt.,	5 75	
30	Interest on my note of Sep. 30th, 1847, for 1 year, . . . . .		1 40
"	My check on Middletown Bank, in full, . . . . .	132 40	

### Section III. The Memorandum-book.

Nature of its entries—How we determine what belongs to it—Why technical terms are inadmissible—Nature of a General Inventory—How made out—Errors to be avoided—Method of reviewing—Examples.

IN the Memorandum-book should be recorded all particulars regarding a person's affairs, which belong to neither of the other books, and yet ought to be remembered by himself, or known to his representatives.\* Such are a general view of the state of his affairs, at certain times—memorandums of contracts—instructions to agents, &c. In this book may also be minuted small credit transactions, for brief periods, with persons with whom you expect to have no more credit dealings. This will save the trouble of opening a regular Leger account. When the amount has been paid, it may be minuted in the vacant space on the right. If it should turn out that you have several other credit transactions with the party, before the first has been settled, you can open a regular account for him in the Leger, whither you transfer the amount. See the entries in the examples, under April 6th and 8th.

You will always know what transactions belong to the Memorandum-book by simply remembering that it minutes everything not entered either in the Cash-book or Leger,—that is, every occurrence which involves no direct transfer of property, and also every circumstance a knowledge of which is necessary to a correct understanding of the state of your affairs.

When there is some material circumstance connected with a Cash-book or Leger transaction, which cannot conveniently be entered in either of these books, you enter it in the Memorandum-book, in such terms as will render manifest to what you refer.

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\* Memorandums which imply no future obligation, (such as lists of sums to be demanded or paid, or inquiries to be made, during the day or week,) are to be minuted only in a *pocket* Memorandum-book, which differs widely from such as that described in the present section.

In recording the transactions belonging to the two books already discussed, some technical terms are employed which are universally understood by every person who possesses the least knowledge of Book-keeping: but this book records only transactions which generally involve no direct and immediate transfer of property. Technical terms are therefore inadmissible, and ordinary language alone is to be employed.

One important entry in the Memorandum-book is that which gives a general view of the whole state of your affairs. Such a statement is commonly styled a *General Inventory*. There is no necessity for its having any particular form: but it should be so full as to exhibit the state of the various parts. The form given in the following example will generally answer every purpose. In order to prepare the materials of such a statement, you must ascertain: 1st, the cash on hand; 2d, the amount of all the sums owing to you which you consider good, or in other words, which your debtor will pay, either willingly or by compulsion\*; 3d, the amount of all the sums you owe; and 4th, the value of the various parts of your real and personal estate, independent of debts due to or by you. It is unnecessary to point out how the first requisite may be obtained. The 2d and 3d are obtained by going over the whole of your Leger, writing down the various sums due you, which you consider good, in one column, and all those which you owe in another, giving the names of the parties in each case. How you find the sums due or owing, has been already explained in the preceding section. The 4th requisite can be obtained only by surveying the various parts of your property, and writing down

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\* You evidently ought not to consider as a part of your property a claim which your debtor will not pay, and which you cannot recover by an action at law. Such debts are called *desperate*, and are very properly passed over in summing up the various parts of a person's property. When it is only doubtful whether the debt can be recovered, it is styled *doubtful*, and omitted in summing up your property, as if it were desperate.

the designation and value of each. You are to set down the *current* or *exchangeable* value, that is, what could be obtained for the property *now*, if sold. There is sometimes a difficulty in ascertaining this value accurately : but unless you are willing to impose upon yourself and others, you must either ascertain it, or set down a sum which you know certainly the property would bring. Much evil often springs from men's leading themselves to believe they possess more to meet the various demands upon them than they actually do. Sometimes they consider the present value nearly equal to the cost, whereas in reality it may not be half so much. What a thing cost, is very often no criterion whatever of its present worth. Another error arises from setting down property at what we *suppose* it *will* bring, at some future time. This deserves no better name than building castles in the air. If you consider some part of your property will bring more at a future time than it would at present, that may be a good reason for not selling it ; but it is no reason for valuing it *now* at more than it would bring. Another source of error is, confounding the *intrinsic* with the *exchangeable* value. The former means the power of the substance to minister to our happiness, the latter, what it can be sold for. Thus the intrinsic value of iron is incomparably greater than that of gold ; but owing to the extreme abundance of the one and the rarity of the other, the latter can be exchanged for many thousand times its weight of the former. The difference between the two kinds of value is often, to a certain extent, overlooked ; and the value of the property is estimated, not at what it can be sold for, but at what it *might*, in certain circumstances, produce. A's farm, for example, may be very good, and might be worth \$20,000, if situated within ten miles of New York ; but lying among the wilds of Oregon. it is not worth \$200. B's farm, again, considering its situation and excellence, might bring \$10,000, were it not that one as good may be bought in the immediate vicinity for \$8,000. These various sources of error should be carefully guarded against, in

estimating the value of your property, and everything set down simply at what it would realize *now*. An over-estimate is always dangerous: to a person who is just setting up for himself in the world, it may be ruinous.

The best time for taking an inventory of the state of your affairs, is, when you have balanced your Leger: for then you may see the sums due and owing without any trouble. It should be done once a year; and by comparing the present with the preceding inventory, you may see whether you have gained or lost, and how much. Common wearing apparel, household furniture, and ordinary tools should not be classed with our pecuniary property, but placed in the same category with our corporal organs and integuments. But every thing beyond these should be included, such as costly machinery, jewelry, or ornamental furniture.

As this book mentions sums of money only incidentally, no money columns are required. A vacant space, bounded by a straight line, should be left on the right hand of every page for such remarks as may be requisite to show the results of the transactions recorded, or any subsequent occurrence immediately connected with them, which it may be desirable to remember. The date in the reserved space need indicate only the time when the remark was written. The time of actually discharging the obligations contracted, can be readily discovered from the other books; and it is sufficient to state in this that they had been discharged at such a time, though possibly before the day mentioned. The dates may be given either at the beginning of the line, or in the middle of the page. The latter plan is preferable.

In giving instructions to a person to act for you, it is best to do so in writing whenever the offices required are multifarious: for otherwise he might not exactly remember his instructions. In such a case, you should keep a complete copy of the instructions. But where the thing required is easily remembered, and involves no numerical statements, it is generally sufficient

to give a verbal order, if present: if absent, you can minute the substance of your instructions in the Memorandum-book, as in the subsequent examples, under October 19th.\*

When you engage to deliver goods to a person by a certain day, and they are at your risk in the interval, the transaction should be entered in the Memorandum-book, because you are bound by your agreement; but you cannot debit him with the goods till you have delivered or dispatched them. You make a similar minute when you purchase goods, on similar conditions—See the entry under December 3d. In this engagement you observe that two witnesses are mentioned. Such agreements are seldom in writing; and in some cases circumstances do not conveniently permit you to make out a written contract. But it is better to do so in all cases of any consequence, when you can do so. For sometimes witnesses will not be found when they are wanted, and sometimes they forget or mistake the conditions. In the present case, you might have given S. Gray a written promise, worded nearly as in the book, and he might give you a similar promise to perform his part of the engagement. This would prevent future doubts, and obviate all trouble in hunting up witnesses. A written agreement is particularly desirable where the subject is important, and the conditions are numerous. In such cases it should never be dispensed with. Witnesses are not necessary to such a document, provided you can prove the person's handwriting, if it should possibly be disputed. In such a case, it should be signed by two or three witnesses, who are likely to be forthcoming, if required. No particular form is necessary in such writings: fullness and clearness of expression are sufficient.

Where written agreements have been made, the papers should be carefully preserved till the conditions have been fulfilled,

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\* In order to authorize a person to collect debts for you, it is generally necessary to give him a formal document called a *power of Attorney*. But if the individual be an Attorney at Law, an oral or simple written request is sufficient.

and a discharge given. These and all other documents—such as notes, receipts, &c.—should not only be carefully preserved, but also put up and arranged methodically, so that you can easily find any of them whenever it may be wanted. The time spent in properly arranging and docketing them, is not half of what will be subsequently lost in searching for them, if they are merely huddled away loosely and confusedly in a desk or drawer, to say nothing of the danger of their being irrecoverably lost by this means. The loss of a voucher of this sort is often equivalent to the loss of a large sum of money; and it always exposes us to loss or trouble.

The Memorandum-book should be reviewed at the end of every month, or every quarter, as the person's circumstances may require, and suitable remarks written, in the vacant spaces, opposite those entries which no longer demand special attention.\* By this arrangement all the circumstances of a transaction are presented to the eye at one view, instead of being scattered through different parts of the book; and the blanks in the reserved spaces will enable the eye, during the next review, to perceive at once what entries still require attention. A slip of paper, or book-mark, may indicate the page where this is to commence.

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\* In the case of such entries as that under October 1st, October 9th and July 13th, the minute in the reserved space may be made out at the same time with the entry. If the entry be regarding property only supposed to be lost, the reserved space should be left blank until all hopes of recovery have been lost.

October 1st, 1847.

**State of my Affairs this Day.**

Cash on hand, . . . . .	\$248.54
My farm, including buildings and other improvements, is worth,	4500.00
" agricultural implements, "	250.00
" live stock, . . . . .	1290.00
" house and lot at Newburg, "	3500.00
A. Murray owes me, on bond and mortgage, . . . . .	1245.45
Oliver Easton owes me, on a note,	1000.00
Frederic Hassler, " , on do.	64.34
John Walters, " , on account,	13.28
Edward Collins, " , on do.	31.60
<b>Total, . . . . .</b>	<b>\$12,143.21</b>

*I owe as follows :*

To Jacob Truax, on acc't,	\$95.42
" P. McGregor, law ex- penses, . . . . .	68.14
" D. Booth, for carpen- ter work, . . . . .	145.39
" E. Francis, on account,	12.14

**Total of debts, . . . . . 321.09**

**Net capital, . . . . . \$11,822.12**

9

Discharged Michael Rorke, my farm  
servant, for his intemperate habits.

15

Agreed to give Richard Jenkins \$10  
per calendar month, with board, till 15th  
February, 1848, on condition of his labor-  
ing on my farm and performing all rea-  
sonable services, as more fully set forth in  
the written agreement.

Increase, compared  
with last year's  
capital, \$531.47.

Wages all paid.

All obligations  
performed,  
1st Oct., 1848.

October 19th, 1847.

Instructed P. McGregor to sue Edward Collins for the amount of my claim of \$31.60. Also left with him for collection, Frederic Hassler's note for \$64.34.

Both sums rec'd  
1st Oct., 1848.

Dec. 3.

Engaged to furnish Samuel Gray with one ton of good hay every four weeks, till the 1st of May next, at \$8.75 per ton, he to pay all up by the 1st of July. Present Erskine Stewart, and John P. Williamson.

All obligations  
performed,  
1st Oct., '48.

Jan. 31, 1848.

Made a final settlement with David Booth, as set forth at length in the written engagement, signed by him, in my possession.

All engagements  
discharged,  
1st Apr., 1848.

Feb. 15.

Agreed to give Richard Jenkins \$12 per month, till the 15th June, on the former conditions.

All settled,  
1st Oct., 1848.

Apr. 1.

George and Emily commenced attending the District School, for the summer.

They ceased  
attending,  
31st Aug.

3.

Agreed with Henry Little, Middletown, for 4 tons plaster of Paris, at \$6.50 a ton, to be removed by the first of May.

All settled,  
1st Oct. 1848.

6.

Engaged to take Ernest Rosenmuller as an apprentice, for five years, on the conditions stated at length in his indenture, of this date.

April 6th, 1848.

Sold George Greene 1 bush. potatoes for \$1, on 1 mo's. credit.

Paid 3d May.

8.

Agreed to give Jacob Winant, New York, all the butter I send to the city till 1st Nov'r, on condition of his paying the highest price given for butter of the same quality.

"

Sold Thomas Jansen 200 lbs. hay for \$1.13, on 2 mos.' credit.

Entered  
Leger, fol. 20.

May 1.

Alonzo Benedict, Esq., from New York, commenced boarding with me, at \$2.50 per week.

He left 2d Sep.  
All settled.

June 18.

Sold Benjamin Hinds, New York, 6 wethers, at \$5 a head, to be removed by the 1st of July.

All settled,  
1st. Oct. '48.

July 13.

Two of my milch cows and a yearling steer were killed by lightning.

Loss \$75.00.

Aug. 11.

Bartered away the two-year old black colt to James H. Genung, for a yoke of two-year old steers, one red, and the other black, with white spots.

## Section IV. Partnership.

Nature and conditions of Partnership—Mode of recording transactions—Different kinds of partnerships—How a settlement is effected on dissolving the connection—Example, with remarks subjoined.

As Partnership is common among various other classes besides mercantile men, a brief explanation of the mode of managing such concerns forms a proper part of general book-keeping. The consideration of the subject was deferred to this place, that the learner's attention might not be distracted by being called to several subjects at once.

The conditions of a Partnership should be stated at length in writing. The mode of recording the various transactions is precisely the same as in individual concerns. A Leger account is opened for every one of the partners,\* who is credited for what he brings into the common stock, and debited for any cash or other property which may be withdrawn by him, or on his account, exactly as in the case of other persons.

The gain or loss is apportioned among the members according to the written contract, each person's share of the former being put down to his credit, and his portion of the latter entered to his debit. For in the former case, the firm is indebted to the individual members for their respective shares; in the latter, they owe the firm. By this arrangement the balance of every partner's account shows how he stands towards the firm. If the Dr. side exceeds, he owes them the difference; if the Cr., they owe him so much.

If any of the partners keeps a private purse, and has credit

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\* The learner will understand that we do not allude to incorporated joint-stock companies. In the case of such concerns, no account is generally kept for every stockholder. The amount of gain or loss which falls to the share of each, is found from the amount of stock which he owns, as determined from the Stock-book, and the vouchers in his possession. The same course is sometimes adopted in large, private companies.

transactions on his own account, he will require to keep a separate set of books, as if he were doing business on his own account exclusively. The necessity for these may be obviated by his having no separate credit transactions, and by drawing money from the firm only as he wants it, with the exception of small sums, the mode of expending which need not be recorded. All these sums will of course be debited to his account. In such cases, a private Memorandum-book will answer his purpose; for there he can minute everything worth remembering, which cannot be learned from the books of the firm.

Partnerships are of two kinds, *special* and *general*. A special partnership is where the parties either join in a particular speculation only, or form an incorporated company. A general partnership is where they conduct a regular business, on joint capital, without possessing any of the rights of an incorporated body, except that of suing and being sued jointly. In a general partnership, every member is liable for all the debts of the company, to the extent of his whole property, whereas in a special partnership, the members are liable only for their respective shares of the joint stock.\* This section alludes only to general partnerships, as the other kind is peculiar to merchants and corporations.

A partnership may be indefinite, or for a limited period. In the former case, it generally continues during the pleasure of the various members; and any of them has a right to withdraw whenever he pleases, provided he gives proper notice of his intention. In the latter case, a certain term is mentioned, during which the partnership is to continue; and at the termina-

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\* In some states there is a third class, founded on recent statutes, called *limited* partnerships, where some of the members are liable only to the extent of their capital, as in incorporated companies, while the rest are liable as in general partnerships. The former class are styled *limited*, and the latter *general* partners. Various rules are prescribed by the statutes, the violation of any of which renders the limited partners liable like general partners.

tion of that period it ceases, unless the engagement be renewed. Here no member has a right to withdraw before the stated period, unless the others voluntarily release him from his engagement. If he do so, he subjects himself to damages for his breach of contract.\*

When a general dissolution has taken place, the first thing to be done, in order to a settlement, is, to dispose of the property on hand, if any there be. When this has been converted into cash, or good notes, or taken by some of the partners at a specified value, they add the amount on hand to that due to them, deducting bad debts. This gives their *gross* capital. From this they subtract the amount of their indebtedness, omitting what may be owing to themselves. The remainder is their *net* capital. If this exceed the total of their individual claims, the difference is net gain; and it is to be divided among them according to the contract. If their individual claims exceed the net capital, the difference is loss, which is also apportioned among the several partners according to the deed of partnership. Where the amount of their indebtedness exceeds their gross capital, they are insolvent, and the settlement rightfully devolves upon their creditors.

To illustrate the preceding explanations, we shall suppose a case. Two carpenters, Joseph Wright and Henry Smith, form a partnership, commencing on the 1st January, 1848, on the following conditions. Wright furnishes \$183 in cash, and \$250 worth of tools. Smith furnishes \$94 worth of tools, and stuff valued at \$548. He also gives the use of his workshop and its furniture, for which he is to receive an annual rent of \$40. The balance of the net proceeds is to be equally divided between them. Wright has the privilege of withdrawing at the end of any year; and in the event of his doing so, Smith is to take all the tools, and allow him for half of their appraised

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\* Some maintain that in this case, a partner may be compelled to continue in the firm; but the prevalent doctrine is that stated above.

value. At the end of the year Wright withdraws; and it is found that after disposing of the unwrought stuff, and paying off all claims against them, there are \$72 on hand, and \$541.48 due them, which are considered good, besides \$44.22 considered doubtful. Smith agrees to take the doubtful debts for \$25. The following example will show how their individual accounts should be conducted and closed up. It is supposed that all claims against them have been settled. Had the case been otherwise, the amount due by them would require to be deducted from their stock, before proceeding to examine how they stood towards each other.

Joseph Wright,		Dr. to		Cr. by	
1848.					
Jan. 1	Cash, brought into trade, . . .			183	—
"	Tools, as per Inventory, . . .			250	—
Feb. 5	Cash, to self, . . . . .	5	—		
Apr. 1	Do. paid Edwin Jessup, . . .	8	—		
8	Do. paid Stacy Beakes, . . .	43	35		
May 20	Do. paid Samuel Denton, . .	14	28		
24	500 feet pine boards, at \$1.25. .			6	25
Sep. 30	Cash, half-year's rent, paid James Little, Sen., . . . . .	40	—		
Oct. 4	Do. paid Lewis Vail, . . . .	29	47		
7	Do. paid Sherman Broadwell, .	16	22		
31	Do. paid Parmenas Horton, .	21	—		
Nov. 18	Do. paid William Hoyt, . . .	19	33		
Dec. 23	Do. to self, . . . . .	5	—		
31	Half of net gain, . . . . .			38	29
"	Balance, amount due him this day,	275	89		
		447	54	447	54

Henry Smith.		Dr. to	Cr. by
1848.			
Jan. 1	Tools, as per Inventory, . . .		94 —
"	Stuff, " " , . . .		548 —
15	Cash, . . . . .	25 —	
Mar. 11	Do. . . . .	14 25	
Apr. 1	Do. . . . .	34 19	
15	Do. . . . .	124 42	
July 1	Do. . . . .	10 —	
Sep. 16	Do. . . . .	3 50	
30	Do. . . . .	24 89	
Nov. 11	Do. . . . .	5 —	
13	5000 feet frame timbers, at 94 cts.,		47 —
25	Cash, paid Jas. Little, Jun., . .	38 45	
Dec. 31	Shop rent for 1 year, . . . . .		40 —
"	Doubtful debts, assigned him, .	25 —	
"	Tools, as per Inventory, $\frac{1}{2}$ of ap- praised value, . . . . .	125 —	
"	Half of net gain, . . . . .		38 29
"	Balance, am't due him this day, .	337 59	
		767 29	767 29

The preceding accounts are balanced in the following manner. It is found, from Wright's account, that he is credited to the amount of \$439.25, while he has received \$201.25. This leaves a balance in his favor, against the firm, of \$237.60. Smith's account shows a credit of \$729.00, and debits (including the sums charged him for the doubtful debts and for the tools) to the amount of \$429.70, leaving a balance in his favor of \$299.30. The two claims amount to \$537.90. Their whole stock—which is found by adding the cash and notes on hand to the sums due them on account—amounts to \$613.48.\* Their

\* This is exclusive of the tools, which, by the terms of their agreement, have been assigned to Smith, at half their appraised value. Had

claims being deducted from this sum, there appears a net gain of \$76.58, one half of which is entered to the credit of each partner. The balances of their accounts now show the whole amount due to each, Wright's being \$275.89, and Smith's \$337.59. Smith of course keeps all the tools, and any sums which he can collect on the bad debts, which should be regularly assigned to him exclusively by Wright.

When the partners have received their dues, each should make out his account with the firm, receipt it, and then deliver it to the other. These accounts would be essentially transcripts of those in the Leger, but differently expressed.

The inventories alluded to under January 1st would be simple lists of the tools and stuff, with the value of each article affixed, like a common bill of parcels.

The entries are supposed to have been generally made by Smith: hence the book does not state the application of the sums he drew. This Wright was not concerned to know, and Smith might keep a private Cash-book, if he thought proper. Under November 25th the application of the sum debited is stated, that entry being supposed to have been made by Wright. When one partner pays money for another, he should state the application, for his satisfaction.

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they been insolvent, the tools would be classed with the rest of their effects, unless exempted by statute.

## PART II.

# RETAILERS' BOOK-KEEPING.



THE remarks made in the preceding part are so frequently applicable to Retailers' books, that the learner will understand this is uniformly the case, when nothing appears to the contrary. We shall, therefore, in the present part confine our attention chiefly to those points in which Retailers' books differ from those already discussed. In addition to these, most Retailers require a *Day-book*.\*

The learner is not to suppose that Retailers must necessarily keep their books by the method described in the present part. Where their credit transactions are not numerous, they should adopt the plan explained in Part I., (except that they should record the cash sales by one or other of the methods pointed out in the following section :) for this would save a good deal of labor, and answer every purpose equally well. Retailers *may* also keep their books by double entry, if they are willing to undergo the great additional labor which it will impose upon them. This, however, very few of them will ever choose to do.

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\* It is possible to record all cash, credit and bill transactions in one book, whence they might all be posted into a Leger. But this method is seldom eligible: for while it saves no labor, it lies under the disadvantage of exhibiting no separate account of the cash transactions, except by introducing additional money columns, a course which renders the book-keeper particularly liable to errors.

The present part is entitled *Retailers' Book-keeping*, because it explains a method which is generally the most suitable, and is never unsuitable for that class of dealers.

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## Section I. The Cash-Book.

Difficulty with which Retailers have to contend in recording their cash transactions—Methods by which it may be overcome—Examples.

THE Cash-book is kept in the manner explained in Part I.: but it is to be ruled with an additional column for references to the Leger accounts, into which several of its entries are transferred, or *posted*. The principal point which requires consideration is, the cash sales. These, in a retail business, are generally so numerous, and frequently so small, that it would swell the book too much to enter them separately. Hence many Retailers keep no Cash-book at all. This course is very objectionable: for such a book is as useful to them as to any other class of persons, and the difficulty is easily surmounted, by one or other of the methods described in the ensuing paragraphs.

The book-keeper may be provided with a large slate; and, if necessary, he can divide each side into two columns by a double vertical line. This will give him a longer space and one still sufficiently wide for his entries. He may put down the cash on hand in the morning, and make brief minutes of every sale for cash, in regular order. After the store is closed at night, let him add up the whole and the other receipts of the day, entered in the Cash-book, deduct the amount of all the payments, found in the same book, and then compare the result with the cash actually on hand. If these do not agree, there is something wrong, and every effort should be used to discover the source of the discrepancy. When this has been rectified, he can enter the amount of the sales in the Cash-book,

under the proper date, as "Sales." He can then clear his slate, and repeat the same course next day. If he has the whole charge of the cash, he can enter on his slate the amount on hand at night as the first entry for the next day. If he is supplied with so much change every morning, he can enter the amount as so much on hand, before commencing business. Sales of other property besides store goods, should be entered separately.

Where the cash sales are extremely numerous, and mostly very small, the above method is too laborious. In such cases, either of the following methods should be adopted. The amount of cash sales can be found from comparing the book with the cash on hand at night. The other receipts and payments of the day will of course be entered in the Cash-book. If the balance of these be added to or subtracted from the cash on hand in the morning, according as the receipts or the expenditures exceed, the difference between the sum or remainder and the cash actually on hand at night, will be the amount of cash sales during the day, if no mistake has been committed. The other method is, for the salesman to have a separate drawer for the receipts of the cash sales. In this case he can find the amount received by simply deducting from the sum in his drawer at night the cash put there for change in the morning. This plan is simpler than the preceding; and the result is not affected by any errors that may have been committed relative to other cash transactions. But both of the plans mentioned in this paragraph are inferior to that first described in affording no check on carelessness or fraud; and they should be adopted only where circumstances render others impracticable.\*

Where the sales are mostly considerable, the best plan is to enter them separately in the Cash-book. In an extensive busi-

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\* When you lend money merely for a few days, you may simply minute it in the Memorandum-book, and consider it still on hand: but if it be not paid at the time promised, you enter it regularly in the Cash book.

ness this book should be balanced every night. In a smaller business, the cash on hand at night may be compared with the book, as above directed; and in this case a weekly balancing will suffice. The petty expenditures on your own account may be entered separately, on the Cr. side. Where the plan of daily balancing is adopted, the dates are better entered in the middle of the page, as in Example II.; for this saves a good deal of space.

When you allow, at settling with a person, a deduction on a sum previously charged in his Leger account, and receive the balance in full, you must mention the amount of the deduction, in order that his account may receive due credit. So when a deduction is allowed you, the sum should always be stated. But in all cases, you must remember that you enter in the money columns only the cash actually received or paid. For this is all that properly belongs to them.

Example I. exhibits a case in which the cash sales are supposed to be entered collectively, and the book balanced monthly. The transactions of the earlier part of the month are supposed to be continued from the preceding page. As the book so closely resembles that exemplified in Part I., it was unnecessary to give the transactions of a whole month.\* Example II. exhibits a case in which the cash sales are entered separately, and the book balanced daily, according to the directions given above. As the method of balancing is always the same, it was unnecessary to balance our first example at the end of every week, although this would be done generally in real business.

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\* This example is supposed to be taken from the 6th folio of the book. The examples in the two subsequent sections, also, are supposed to be taken from the pages given, and not to commence with the beginning of the books.



# Example I

6

		C A S H ;		
1848.		<i>Dr. to</i>		
		Carried over,	648	52
May 18	19	Charles Rogers, on account, . . . . .	25	—
"		Sales, . . . . .	43	71
"	19	Do. . . . .	38	93
"	20	Nathaniel Lee, in full, . . . . .	21	39
"		Sales, . . . . .	58	42
"	22	J. D. Weed, amt. of his note due this day,	77	14
"		Sales, . . . . .	20	11
"	23	Israel Greene, amt. of his note, due 23d		
		March, . . . . . \$62.50		
		Interest on do. for 2 mos., .63		
			63	13
"		Sales, . . . . .	27	35
"	24	Do. . . . .	9	43
"	25	A. Bayard, for an old wagon, . . . . .	25	—
"		Sales, . . . . .	18	47
"	26	S. Lucas, in part, on his note, due this day,	20	—
"	26	B. Martin, for house-lot No. 9, James St.,	225	—
"	20	Alexander McGregor, in full, . . . . .	44	15
"		Sales, . . . . .	47	21
"	27	Do. . . . .	51	32
"	29	Do. . . . .	19	43
"	30	Israel H. Wickham, in full, . . . . .	23	50
"		Sales, . . . . .	21	13
"	31	Do. . . . .	20	28
			1548	62
June 1		Balance, on hand, . . . . .	432	42

**Amount of Cash Sales entered collectively.**

6

		C O N T R A ;			
1848.		Cr. by			
			Carried over,	437	33
May 19	16	Richard Van Horn, in full,		10	45
20		Oliver Mowatt, amt. of my note, due this day,		125	25
23	21	Angus Cameron, for house repairs,		57	38
"		S. Harvey Brown, for 2 days' work,		1	50
"	15	William Van Dam, amt. of his bill, due 16th July,	\$125.00		
		Less discount,	.89	124	11
24	10	Adam Dickinson, in full,		41	64
"	9	Hector Van Cleft, on account,		20	—
26		S. Expenses of trip to New York,		3	75
"		S. Sundries, petty expenses,		5	—
27	18	Hollings and Co., in full,		251	23
"	26	David Campbell, for drawing deed,		5	—
"		S. Julius Knouse, for milk,		8	56
29	16	Hugh Tracy, month's wages,		25	—
31		Balance, to next month.		432	42
				1548	62

## Example II.

CASH;		Dr. to
May 1st, 1848.		
<i>Balance</i> , on hand, . . . . .	29	43
9 yds. calico, at 13 cts., . . . . .	1	17
$\frac{1}{2}$ lb. young hyson, . . . . .	—	50
28 lbs. sugar, at 50 cts. per 7 lbs., . . . . .	2	—
20 doz. plates, at 75 cts., . . . . .	15	—
2 bbls. flour, at \$7.25, . . . . .	14	50
1 silk handkf, . . . . .	1	—
1 pr. woolen socks, . . . . .	—	44
7 lbs. rice, at 5 cts., . . . . .	—	35
$1\frac{1}{2}$ yd. cloth, at \$3.25, . . . . .	6	09
11 Charles Clinton, on account, . . . . .	10	—
10 Henry Beakes, in full, . . . . .	24	32
1 bbl. flour, . . . . .	7	25
	112	05
2d.		
<i>Balance</i> , on hand, . . . . .	57	45
10 yds. calico, at 15 cts., . . . . .	1	50
10 " delaine, at 60 cts., . . . . .	6	—
Trimnings, . . . . .	1	75
13 James Farquharson, on account, . . . . .	30	—
4 doz. shirt buttons, at 10 cts., . . . . .	—	40
1 doz. German silver tea-spoons, . . . . .	—	75
5 yds. tweed, at \$1.50, . . . . .	7	50
6 " Canton flannel, at 14 cts., . . . . .	—	84
15 Robert Ogilvy, in full, . . . . .	18	53
100 lbs. refined sugar, at 9 cts., . . . . .	9	—
	133	72
3d.		
<i>Balance</i> , on hand, . . . . .	55	35

*Receipts of Cash Sales entered separately.*

C O N T R A ;		Cr. by
May 1st, 1848.		
S.	Provisions, . . . . .	1 10
S.	J. Merrit, for woodsawing, . . . . .	— 50
S.	A pamphlet, . . . . .	— 06
	Jennings & Thomson, amt. of my note, due this day,	31 75
S.	Fares to Goshen and back, . . . . .	— 94
S.	James H. Genung, for 6 bush. potatoes, at \$1,	6 —
4	Dr. J. B. McMunn, in full, . . . . .	14 25
	Balance, . . . . .	57 45
		112 05
2d.		
S.	Provisions, . . . . .	1 31
	Postages, . . . . .	— 15
	Cartage, . . . . .	— 25
S.	Subscription to Thompson's Reporter, . . . . .	1 —
	Freight of goods per N. Y. and E. R. R., . . . . .	10 35
8	John C. Dimmick, in full, . . . . .	35 81
	Thomas Harding, for repairing wagon, . . . . .	4 50
S.	Half-year's rent of Church pew, . . . . .	5 —
12	Alexander W. Shaw, on account, . . . . .	20 —
	Balance, . . . . .	55 35
		133 72
3d.		

## Section II The Day-Book.

Nature of the Day-book—Directions for making entries—Mode of proceeding in the case of invoices—Examples.

THE Day-book contains entries of all credit and bill transactions. It is ruled with money columns, like a Cash-book. Some enter the date in the middle of the page, as in the ensuing examples; and some write it as in the Leger. The latter plan unnecessarily narrows the page, and therefore the former is generally preferable. There is always a column, generally on the left, for references to the Leger, into which all the entries in this book are posted. The name of the place where the book is kept, is generally written at the top of every page, immediately before the date; but it is sufficient to write it at the commencement of the book; and it may be omitted even there without any detriment.

Some persons are in the habit of entering in the Day-book such cash payments as are to be posted into the Leger. But this is an unnecessary trouble wherever the payment is entered separately in the Cash-book, since it can be posted from that book. A Day-book entry of a cash transaction is proper only when a person pays cash in part for goods purchased at the time, and the cash sales are entered in the Cash-book collectively. In such cases, you credit the purchaser in the Day-book, for the amount he pays, and otherwise class it with cash sales.

The Dr. and Cr. entries are precisely similar to the Dr. and Cr. sides of a Leger account in Part I. The same rules apply equally to both; and therefore only a few additional directions are requisite.

On first opening the book, you credit *Stock* for all your net capital, exclusive of cash, unless all your property should be in cash, as is supposed in the following examples.

When you take goods for your own use, you enter them

"Stock Account\* Dr. to —," naming the particular articles, as in the entries under May 6th and June 16th. After finding your net capital, and consequently your net gain or loss, at the time of balancing your Leger, you enter "Stock Account Cr. by — Net gain," for such a time, in case of gain, and "Stock Account Dr. to — Net loss," for such a time, in case of loss. You always refer to the page of the Memorandum-book containing the general inventory of your affairs, by adding "(See M. B., p. —)," as in the example under September 30th.

In entering goods which you sell on account of another,† you debit the purchaser in the usual way, but always mention to whom the goods belong, so that you may give the owner's account due credit. You may write C. for consignment. In such a case you always credit him with the gross proceeds of the sales, and debit him with any expenses incurred on their account. See the entries under May 16th and June 28th and 30th.

In making subsequent entries on the same day, you do not repeat the figure, but merely make two dots, as in the entries under May 4th and 6th. The figures on the left refer to the

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\* This term is merely a technical expression for the owner of the books; and if any person prefers writing the real name, he may do so.

† A person who sells goods for another generally receives as his compensation a certain per centage of the gross proceeds, which is called his *commission*. Persons who sell extensively in this way are called *agents*, *factors*, or *commission merchants*. The same terms are employed when a person *purchases* on account of another. When a person receives goods from a distance, to be sold on commission, he should inform the consigner or forwarder of their arrival. He is bound to sell them according to the latter's instruction, and if no instructions have been given, to sell them as if they were his own.

The direction given above is applicable only to cases where considerable quantities are sold at a time. When the goods are sold in quantities so small that every sale cannot be entered separately in the books, the only way is, to sell them at one fixed price, and credit the consigner's account at certain intervals for the quantity sold, as determined by the amount still on hand, compared with the original consignment.

folios of the Leger into which the entries are supposed to be posted. A simple entry of goods bought or sold is posted only once; but in the case of some bill and other transactions, the same entry is posted twice, in which case there are two figures, the first of which refers to the account debited, and the second to that credited. Thus in the entry under May 13th, the second 18 refers to D. Laroche and Co.'s Leger account, and the 19 to that of the New York Bank. It is unnecessary to make another entry for the second party, as it would tell us nothing which we cannot readily learn from the one given. In the present case, for instance, you need not make a formal entry giving the N. Y. Bank credit for your check in favor of Laroche and Co., since the present entry exhibits the whole transaction. In all such cases, however, you must take care to give credit to the party who pays or gives on your account, as if there was a separate entry in the Day-book, while you debit the account of the party who receives on your account.

In the case of Mrs. Reynolds' check, under June 20th, you do not give the Orange County Bank any credit for it, as they pay on her account, and not on yours. In cases of this kind, where a check is given in full, which can be cashed the same day, you may enter the articles like those sold for cash; and if the check should be dishonored, you will charge them to the purchaser like an ordinary credit transaction. But where no record is kept of the cash sales separately, or where the check cannot be cashed on the same day, the goods should be regularly charged, and credit given for the check as in the example. If the check should be cashed the same day, you can simply minute this in the Day-book entry, and set down the amount in the Cash-book, like any other receipt. It is unnecessary to post the entry, because the transaction is tantamount to a cash sale. If the check, however, should not be paid, you will debit the goods to the party's Leger account, if you have not done so already, minute in the Memorandum-book that the check

was dishonored, and give the purchaser notice as soon as possible.

When a person sends you an order to furnish another with goods, on his account, you charge him with the goods, and mention to whom they were given, as exemplified under June 19th. Such orders should be preserved as carefully as promissory notes. When a person buys goods from you through the agency of another, it is proper to mention the agent, as in the example under June 24th. Similar statements should be made in the bills of parcels sent to the real purchaser.

The bills of goods which a wholesale dealer makes out for his customers, are generally called *invoices*. In entering such goods to his credit in the Day-book, it is sufficient to credit him for "goods and charges," "goods," "cloth," &c., as the case may be, and refer to the invoice by adding, "as per invoice No. —." Invoices should be numbered and carefully put up, in regular order. Some copy them at length into the Day-book, or a separate book called the Invoice-book. But this is unnecessary; for in case of any difficulty with the seller, you should refer to his own list, not to your copy of it: and you can refer to it with equal facility when you wish to do so simply for your own information. The invoices should be carefully compared with the goods actually received, as soon as possible, and if anything be found wrong, it should be attended to at once, so that any error or deficiency may be rectified. When this has been done, the invoice becomes an authentic record of particulars. Then, and not before, it should be minuted in the Day-book, as above directed.

When goods are sold on credit or a note, the statements of the bill of parcels will of course correspond with the Day-book entry; if they are sold for cash, the transaction will be classed with other cash sales. It is therefore unnecessary to preserve copies of such bills.

In the following examples, the book is supposed to be taken up at the 54th page, and to contain the transactions of two

months. As these exemplify every kind of entry which occurs in a retailer's business, it would merely swell the book, and waste the learner's time to no purpose, to add more.

The net gain entered under the 30th September is not the difference between the former and the present net capital, but that difference increased by the sum spent on the owner's private account. For it is evident that if a person is now worth so much more than he was formerly, after spending so much on his own account, his gain must be equal to the amount of the two sums. The net gain is the gain in trade, after deducting all charges on account of goods.

Topos, May 1st, 1848.

17	James Carey, 4½ yds. broad cloth, at \$3.25, . . . . .	<i>Dr. to</i>	14 63
	2.		
18	Thomas Davis, 2½ cords hickory, at \$3, . . . . .	<i>Cr. by</i>	7 50
	4.		
19	John B. Cox, 21 lbs. brown sugar, at 6½ cts., . . . . \$1.37 2 " hyson skin, at 75 cts., . . . . 1.50 1 oz. nutmeg, . . . . . 0.12	<i>Dr. to</i>	2 99
	"		
19	Angus MacDowall, 2¼ yds. broad cloth, at 4.25, . . . . \$9.56 ¾ yd. cassimer, at \$2.50, . . . . 2.19	<i>Dr. to</i>	11 75
19	Cash, in part, . . . . .	<i>Cr. by</i>	10 —
	5.		
16	Dunning, Millspaugh & Co., Goods and Charges, as per invoice, No. 16, .	<i>Cr. by</i>	157 28
	6.		
15	James Rogers, 30 yds. carpeting, at 94 cts., . . . . .	<i>Dr. to</i>	28 20
	"		
18 22	Thomas Davies, 5 bbls. flour, (Wm. Otis' C.) at \$7.50, . . . .	<i>Dr. to</i>	37 50
	"		
22	Stock Account, 50 lbs. refined sugar, at 8 cts., . . . . .	<i>Dr. to</i>	4 —
	"		
12	Enoch Ridgeway, His note in full, at 90 days, due Aug't 4th, .	<i>Cr. by</i>	51 32

May 8th, 1848.

16	Dunning, Millspaugh & Co., My draft, at sight, on Daniel Cozzens, . . .	<i>Dr. to</i>	157	28
	10. —————			
	Thomas Davies, 7 yds. jane, at 44 cts., . . . . .	<i>Dr. to</i>		
	A summer hat, . . . . .	\$3.08		
18	4 lbs. coffee, at 12½ cts., . . . . .	— .88	4	46
	— .50			
	13. —————			
18	D. Laroche & Co., Sugar & charges, as per Invoice, No. 17, . .	<i>Cr. by</i>	224	28
18	<i>Dr. to</i> My check on New York Bank, . . . . .		200	—
19	16. —————			
	Jonathan E. Goring, 100 lbs. refined sugar, at 8½ cts., . . . .	<i>Dr. to</i>		
	5 " young hyson tea, at \$1, . . . . .	\$8.50		
	10 " coffee, at 14 cts., . . . . .	5.00		
20	12 galls. molasses, at 34 cts., . . . . .	1.40	18	98
	4.08			
	" —————			
20	Noah Meadows, 10 bbls. flour, at \$7.25 (W. Otis' C.), . . .	<i>Dr. to</i>	72	50
22	18. —————			
	George McKenzie, 2½ yds. cassimer, at \$2.25, . . . . .	<i>Dr. to</i>		
	Trimmings, . . . . .	\$5.63		
	18 yds. calico, at 12½ cts., . . . . .	.56		
20	A beaver hat, . . . . .	2.25	11	69
	3.25			
	<i>Cr. by</i>			
20	54 lbs. ham, at 10 cts., . . . . .		5	40
	June 1. —————			
	Hiram G. Perkins, 12 yds. shirting, at 14 cts., . . . . .	<i>Dr. to</i>		
23	2 pairs stockings, at 25 cts., . . . . .	\$1.68	2	18
	— .50			

June 1st, 1848.

	Noah Meadows,	<i>Dr. to</i>		
	$\frac{1}{2}$ doz. table knives and forks, at \$2.50,	\$1.25		
	1 " blue plates, . . . . .	1.00		
	1 " table spoons, . . . . .	0.63		
20	2 " tea-spoons, at $37\frac{1}{2}$ cts., . . . . .	0.75	3	63
	2. —————			
	Noah Meadows,	<i>Cr. by</i>		
20	1 doz. blue plates, returned, . . . . .		1	—
	<i>Dr. to</i>			
20	$\frac{1}{2}$ doz. cups and saucers, in exchange, . . . . .		1	—
	3. —————			
	Richard Gibson,	<i>Dr. to</i>		
18	Net proceeds of 100 bush. corn, sold on my account,		49	65
	6. —————			
	John Wronghead,	<i>Dr. to</i>		
21	Bal. of his note, due 19th Feb., 1847, unpaid, .		18	42
	7. —————			
	Richard Gibson,	<i>Cr. by</i>		
18	His check on Middletown Bank, in full, . . . .		49	65
	10. —————			
	Cyrus Taylor,	<i>Dr. to</i>		
	10 yds. green baize, at 50 cts., . . . . .	\$5.00		
24	4 " shalloon, at $37\frac{1}{2}$ cts., . . . . .	1.50	6	50
	<i>Cr. by</i>			
24	10 baskets strawberries, at $12\frac{1}{2}$ cts., . . . . .		1	25
	14. —————			
	Hollings & Co.,	<i>Cr. by</i>		
18	Goods and Charges, as per Invoice No. 18, .		78	45
	<i>Dr. to</i>			
18	My acceptance of their draft of 12th currt., at 30 days' sight, in favor of J. Osborn, due 14th July,		63	28
	16. —————			
	Stock Account,	<i>Dr. to</i>		
22	20 yds. sheeting, at 10 cts., . . . . .		2	—

June 17th, 1848.

24	Dewitt Conkling,	<i>Cr. by</i>		
26	My order in favor of Charles West, . . . .		10	55
	“			
18	Hollings & Co.,	<i>Dr. to</i>		
18	My order on Richard Gibson, for bal. of account,		15	17
	19.			
	Thomas Davies,	<i>Dr. to</i>		
	Goods to David Evans, per his order, viz.			
	14 lbs. sugar, at $6\frac{1}{4}$ cts., . . . . .	\$0.88		
	1 lb. O. H. tea, . . . . .	—63		
	7 lbs. rice, . . . . .	—35	1	86
	“			
	Thomas Spence,	<i>Dr. to</i>		
Pd.	$2\frac{1}{4}$ yds. broad cloth, at \$4.50, . . . . .		11	25
	20.			
	Joshua Sarles,	<i>Cr. by</i>		
26	12 days' labor, at $87\frac{1}{2}$ cts., . . . . .		10	50
	<i>Dr. to</i>			
	3 yds. fustian, at 40 cts., . . . . .	\$1.20		
	7 lbs. brown sugar, . . . . .	—44		
26	1 lb. coffee, . . . . .	—12	1	76
	“			
	Mrs. E. Reynolds,	<i>Dr. to</i>		
	A silk shawl, . . . . .	\$9.50		
	10 yds. cashmere, at 75 cts., . . . . .	7.50		
27	1 pr. white kid gloves, . . . . .	0.75	17	75
	<i>Cr. by</i>			
27	Check on Orange County Bank, in full, . . .		17	75
	24.			
	Benjamin King,	<i>Dr. to</i>		
	28 lbs. rice at 34 cts. per 7 lbs., . . . .	\$1.36		
25	2 gallons molasses, at 31 cts., . . . .	—62	1	98
	Per Daniel Curtis.			

June 24th, 1848.

25	Stephen Deveau, 4 bbls. flour, at \$6, . . . . . One month's credit.	<i>Dr. to</i>	24	—
28. —————				
22	William Otis, 2 bbls. flour, from his C. for family use, at \$7, .	<i>Cr. by</i>	14	—
22	<i>Dr. to</i> Commission on \$145, at 2½ per cent., . . . \$3.63			
22	Storage of 20 bbls. flour, . . . . . 1.00		4	63
30. —————				
24	Coe Dill, A black horse, . . . . .	<i>Cr. by</i>	145	—
24	<i>Dr. to</i> My note in full, payable 28th Oct., . . . .		145	—
" —————				
22	William Otis, Check on New York Bank, in full, . . . .	<i>Dr. to</i>	140	37
19	" —————			
21	Ichabod Doolittle, Loss, through his insolvency, 45 per cent., . .	<i>Cr. by</i>	31	63
. . . . .				
. . . . .				
. . . . .				
September 30th. —————				
22	Stock Account, Net gain, for the last half-year, (See M. B. p. 34,)	<i>Cr. by</i>	422	65

### Section III. The Leger.

Difference between the preceding and the present Leger—Objects of the latter—Why the books posted ought not to be called *subsidiary*—Directions for posting—Advantages of daily posting—Uses of the reference figures—Concise methods of posting—Directions for comparing the books—Advantage of the present kind of Leger for Retailers—Modification necessary in a Partnership concern—Mode of proceeding when settling with a person—Case where a particular transaction is settled by a cash payment, before it has been posted—Examples.

THE principal difference between the preceding and the present Leger arises from the different modes in which they are composed. The former contains the original, and generally the sole entries of the transactions recorded; and hence it is necessary that they should afford all the information which may be required. Here the Leger contains nothing but what has been already recorded in one of the other books; and there is always a reference to the original entries in those books: hence more concise statements suffice, since we can always refer to those entries for particulars. The principal object of a Retailer's Leger is, to collect under one head the various items of a particular account, which are scattered through the other books, so that he may be furnished with a synopsis of its present condition, without being obliged to ransack those books.

The book is ruled as in Part I., except that immediately within the money columns there is another for the figures referring to the Day-book and Cash-book.

The books posted into the Leger are frequently called the *subsidiary* books. This term is objectionable, as it leads the learner to suppose that the Leger is of more importance than the other books, and that their principal use is to enable us to form the Leger accounts. This view has in fact been adopted and promulgated by several writers on Book-keeping. That it is erroneous, will at once appear, when we consider that the other books contain the fullest and the most reliable accounts of the transactions recorded, and are absolutely necessary, while the

Leger is, in this case, only a matter of convenience, and contains only transferred statements of facts and occurrences more particularly recorded elsewhere. In accordance with this, we find that courts of law never allow the Leger to be produced as evidence, except where it contains the original entries, as in Part I. They justly consider that, in all cases of doubt or difficulty, recourse should be had to the *original* and the *fullest* statements. Hence it appears that the other books are the principal, and the Leger is the subsidiary. Indeed it is, in many respects, merely a classified index to them; and in no case where it is composed of transferred or posted entries, can it be justly considered more than a summary digest. I therefore style the others the *original* books.

The original books are posted in the following manner. You take the Day-book, and turn to the first unposted entry; then by means of the Index you find the Leger account to which it belongs. If there be no such account, you open one. Then write the entry on the proper side, in terms similar to those used in the Day-book. But you may omit many particulars there stated. Thus when an entry contains several articles of goods, you enter it "Sundries," or "Goods," and put down only the total amount. You enter in the left-hand column of the Day-book the folio of the Leger *into* which the entry is posted, and in the proper column of the Leger, the page of the Day-book *from* which it is posted. Drafts and notes in your favor are all posted simply as "Bills Receivable," and those held against you as "Bills Payable." You should always mention in the Leger when the bill falls due. The following general direction will suffice as to the Day-book particulars which may be omitted in the Leger: *you may omit every particular which cannot conveniently be given in the Leger.*

When you have thus posted all the transactions of the day, you turn to the Cash-book, and post, in a similar manner, such of its entries as belong to any of the Leger accounts. The same directions for abridging apply to both books. The reference

figure in the Leger may, for the sake of distinction, be inclosed within parentheses, though this is not absolutely necessary, as the nature of the transaction will always indicate which of the books is referred to. The reference figure in the Cash-book is written in its proper column, as in the case of the Day-book.

To prevent the Stock account from increasing too rapidly, you may collect from the Cr. side of the Cash-book, on the last day of every month, all the items belonging to it, and post them collectively. You will of course pass over these entries in the ordinary daily posting. In such cases no reference figure is required in the Leger, the month being a sufficient guide; and in the Cash-book you simply insert an "S" (for Stock) opposite those entries in the course of the daily posting, if no other reference occurs there. The letter will point out, at the end of the month, that these entries are to be posted collectively to the debit of Stock, along with the others of the same kind.

Your net capital, on commencing business, is posted to the credit of the Stock account as "Cash," and "Sundries," as the case may be. Every sum expended on your own private account is debited to Stock, as well as any goods withdrawn for your own use, or on your own behalf.

Some post their books only weekly or monthly: but they should be posted daily. The labor is not by this means increased; there is less liability to commit mistakes when the entries are few; and any defect or error in the original books is more apt to be discovered while the transactions are fresh in the memory.\* Another great advantage of this method is that a person's Leger account is always posted up whenever he calls for a settlement, so that you have not to detain him and yourself till you have posted it up, or dismiss him with observing that your books are not posted up, and that consequently you

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\* The entries of the day, in the original books, should always be examined carefully before you commence posting, in order to see whether any errors can be discovered.

cannot tell him how you stand. This plan also obviates the necessity for repeatedly turning from one book to another, to preserve the entries in the regular order of time : for as the transactions to be posted are only those of a single day, the entries will all stand in regular order, although you first post all the Day-book entries, and then turn to the Cash-book. It possesses the further advantage of interfering less with business. Suppose, for example, that half-an-hour every night would suffice for posting. This would not interfere in the least with business, whereas if the Leger was posted weekly, it would require three hours at the same rate ; so that the posting would interfere with the time devoted to business, unless a person sat up to post when he should be asleep, a plan equally unfavorable to health and to a proper discharge of the duties of the ensuing day. The case would be still worse if the posting was monthly : for then it would, at the same rate, require a whole day.

The reference figure in the original books, besides showing the folio of the Leger into which an entry is posted, serves also as an indication that it has been posted ; and hence care should be taken never to insert it till the entry has been posted, and never to omit the figure when it has. The reference figures in the Leger enable us to turn readily to the original entries, whenever we may wish to consult them.

When you have other credit dealings with a person for whom you sell goods on commission, you may point out in his Leger account which of them belong to the commission sales by appending the letter C. (for consignment.) If there should be several consignments from the same person, you may distinguish them as C. No. 1, C. No. 2, C. No. 3, and so on. By such marks you can always refer to the original entries of the sales, so that you can make out an account of sales for your employer without any difficulty. In W. Otis' account in the ensuing examples, all the entries belong to the consignment, and therefore distinguishing marks are not required.

When many of the credit sales are very small, as in many groceries, it is desirable to abridge the entries so that several may be posted on one line. For this purpose, you may write the date and the name of the goods ; then immediately subjoin the amount, and under it write the page posted from, distinguishing the references to the Cash-book by parentheses, as mentioned above. When the line is filled up, you write in the money columns the sum of its entries. To prevent confusion, one entry should be distinguished from another by a dash or a colon. You must not enter in the line transactions belonging to different months.

The above method may be rendered still more concise by omitting both the dates and the names of the goods, and inserting nothing but the sums and the references. In this case the name of the month also may often be omitted with propriety. This method answers well where customers demand no bills of particulars, nor ask questions, at the time of settling: otherwise it causes much trouble at such times, as you have to refer back to the original books for every particular. Both of the preceding plans evidently render unnecessary a column for references in the Leger ; and the second dispenses with one for the dates also. An example of each method will be given hereafter.

When the posting is finished, the original books should be compared with the Leger, to ascertain whether the latter contains any omissions or mistakes. The best plan is for one person to read the original entries in succession, while another examines the corresponding entries in the Leger. When an entry has been found correctly posted, each makes a mark in the margin of his own book. All the books should be reviewed afterwards, to see whether every entry has the comparison mark prefixed. If it be found wanting in any case, you turn immediately to the corresponding part of the other book, and a comparison will show whether there is any error. When only one person can be employed to compare the books, he can follow

the same plan, though of course the trouble of turning from one book to another will render his progress much slower.\*

The learner may by this time see why the method of Book-keeping explained in Part I. is unsuitable for most retailers. The original entries are so numerous, and abound so much in details, that the Leger accounts would become unmanageably lengthy and cumbersome, unless many particulars were omitted, and various items entered collectively. Hence the propriety of writing the particulars at length in the original books, and transferring only the substance of the various entries to the Leger, referring to the other books for particulars. Where, however, a retailer's credit transactions are few, and only for considerable amounts, the former method is preferable: for it saves him the trouble of entering the same transactions twice.

In a partnership concern, the Stock account will be superseded by those of the various partners. These accounts will not differ from those exhibited in Part I., Sect. IV., except that the entries will be somewhat abridged, as they will be posted from the original books. The state of affairs is to be determined precisely as there directed. When the net gain or loss has been ascertained, every partner is credited or debited in the Day-book for his share, whence it is posted into his Leger account, the balance of which will then show how he stands towards the firm.

When a person calls upon you for a settlement, you turn to his Leger account, which will readily show how you stand. If

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\* Writers on Book-keeping frequently propose other plans for detecting errors, to which they attach much importance. But they are all of little value, since they guard only against some of many errors that may be committed, and the confidence placed in such checks has been a fruitful cause of overlooking errors. The only way to have books correct, either in single or in double entry, is, to make the original entries carefully, post carefully, and compare the original books with the Leger carefully.

more information is required than the Leger contains, the reference figures at once direct you to the fuller entries in the original books. When the account is settled, you immediately enter the particulars in the proper place in the original books. You can either post the entries at once, and close the account, or leave them to be posted along with the rest.

If a person call for a settlement of a particular transaction, entered in the Day-book, before you have posted it into the Leger, and cash be paid in full, you can write "Paid" in the margin of the Day-book entry, as in the preceding example, under June 19th; set down the sum received in the Cash-book, and take no further notice of the matter. But if the transaction be settled in any other way, the entry should be posted in the usual manner: for then the case may possibly require further attention.

The following Leger is supposed to have been balanced on the 1st of April, and to contain the entries till the 1st of October following, when it is to be balanced again. The method of balancing and transferring accounts is exactly the same as that explained in Part I.; and the learner may balance all the accounts, by way of exercise. They contain several entries which are supposed to be posted from parts of the original books not exhibited in the preceding examples; and the reference figures not found in these are supposed to refer to such entries. The balance at the beginning of the Minisink Farm account is, the excess of the expenditures over the returns at the time of balancing. The first Dr. entry in the next account is supposed to be the purchase money. As the Stock account is somewhat different from those exemplified in Part I., it is exhibited from the 1st of October, 1847, when it is supposed the business commenced. The objects of this account are, to give a view of the party's private expenses, and show his net capital, and gain or loss, when he makes out a General Inventory. It can be balanced half-yearly or yearly, at the option of the indi-

vidual.\* The last account is supposed to belong to a different concern; and therefore it is not classed with the rest.

In the following examples, the Dr. and Cr. sides of every account are on opposite pages: for this is the most convenient arrangement for learners. In actual business, however, it is frequently best to have them on the same page. As the entries here are all transferred, they may be abridged, so that one wide page will leave sufficient space for both classes of entries. In all cases where the whole of an account is on one page, the term *page* is more proper than *folio*.

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\* The last entry in the preceding examples was given to show more clearly how this account is closed.



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		<b>Thomas Davies,</b>			
		<i>Dr. to</i>			
1848					
Apr.	1	Balance, . . . . .		14	33
May	6	5 bbls. flour, at \$7.50, . . . . .	54	37	50
	10	Sundries, . . . . .	55	4	46
June	19	Groceries, to D. Evans, . . . . .	57	1	86
		<b>Richard Gibson,</b>			
		<i>Dr. to</i>			
1848					
June	3	Net proceeds of 100 bush. corn, . . . . .	56	49	65
		<b>Hollings &amp; Co.,</b>			
		<i>Dr. to</i>			
1848					
May	27	Cash, . . . . .	(6)	251	23
June	14	Bills payable, due 14th July, . . . . .	56	63	28
	17	My order on R. Gibson, . . . . .	57	15	17
		<b>D. Laroche &amp; Co.,</b>			
		<i>Dr. to</i>			
1848					
May	13	Check on N. Y. Bank, . . . . .	55	200	—
Sep.	25	Bills Payable, due 24th Nov., . . . . .	67	178	59

<b>Minisink.</b>			
1848	<i>Cr. by</i>		
Apr. 15	Cash, . . . . .	(4)	12 —
May 2	2½ cords hickory, at \$3.00, . . . .	54	7 50
July 1	1 bush. potatoes, . . . . .	60	1 —
<hr/>			
<b>New York.</b>			
1848	<i>Cr. by</i>		
June 7	His check on M. Bank, . . . . .	56	49 65
17	My order to Hollings & Co., . . . .	57	15 17
<hr/>			
<b>New York.</b>			
1848	<i>Cr. by</i>		
Apr. 1	Balance, . . . . .		251 23
June 14	Sundries, . . . . .	56	78 45
<hr/>			
<b>New York.</b>			
1848	<i>Cr. by</i>		
May 13	Sundries, . . . . .	55	224 28
Sep. 16	Do. . . . .	64	154 31

		<b>John B. Cox,</b>				
1848		<i>Dr. to</i>				
May	4	Groceries, . . . . .	54	2	99	
July	3	Sundries, . . . . .	60	7	44	
Aug.	19	Do. . . . .	67	14	24	
		<b>Angus MacDowall,</b>				
1848		<i>Dr. to</i>				
Apr.	1	<i>Balance,</i> . . . . .		22	17	
May	4	Dry Goods, . . . . .	54	11	75	
		<b>. Charles Rogers,</b>				
1848		<i>Dr. to</i>				
Apr.	1	<i>Balance,</i> . . . . .		24	21	
	22	Sundries, . . . . .	53	9	36	
		<b>New York Bank,</b>				
1848		<i>Dr. to</i>				
Apr.	1	<i>Balance,</i> . . . . .		553	28	
	8	Cash, deposited, . . . . .	(4)	150	—	
June	9	Do. from Parson & Son, . . .	(7)	94	37	

<b>Middletown.</b>				
1848		<i>Cr. by</i>		
Apr. 1		<i>Balance,</i> . . . . .		13 45
Sep. 29		A set of harness, . . . . .	74	18 —
<hr/>				
<b>Scotchtown.</b>				
1848		<i>Cr. by</i>		
Apr. 29		Cash, . . . . .	(5)	20 —
May 4		Do. . . . .	54	10 —
<hr/>				
<b>Wallkill.</b>				
1848		<i>Cr. by.</i>		
May 18		Cash, . . . . .	(6)	25 —
<hr/>				
<b>New York.</b>				
1848		<i>Cr. by</i>		
May 13		Check to La Roche & Co., . . .	55	200 —
June 30		Do. to William Otis, . . . .	58	140 37
Sep. 29		Do. to Smith & Co., . . . .	74	325 84

		<b>Alexander MacGregor,</b>		
1848		<i>Dr. to</i>		
Apr.	1	Balance, . . . . .		21 38
	22	Order on John Brander, . . . . .	53	18 95
Aug.	12	Sundries, . . . . .	63	3 82
		<b>Jonathan E. Goring,</b>		
1848		<i>Dr. to</i>		
Apr.	18	Sundries, . . . . .	52	13 48
May	16	Groceries, . . . . .	55	18 98
Aug.	5	Dry Goods, . . . . .	62	27 29
Sep.	16	2 bbls. flour, at \$5.75, . . . . .	67	11 50
		<b>George MacKenzie,</b>		
1848		<i>Dr. to</i>		
May	18	Dry goods, . . . . .	55	11 69
July	1	Sundries, . . . . .	60	12 43
		<b>Noah Meadows,</b>		
1848		<i>Dr. to</i>		
Apr.	1	Balance, . . . . .		9 22
May	16	10 bbls. flour, at \$7.25, . . . . .	55	72 50
June	1	Sundries, . . . . .	56	3 63
	2	Crockery, . . . . .	56	1 —

		<b>Annet.</b>		
		<i>Cr. by</i>		
1848				
May	26	Cash, . . . . .	(6)	44 15
		<b>Otisville.</b>		
		<i>Cr. by</i>		
1848				
July	17	46 lbs. butter, at 19 cts., . . . .	61	8 74
Aug.	5	Cash, . . . . .	(11)	40 —
		<b>Mount Hope.</b>		
		<i>Cr. by</i>		
1848				
May	24	54 lbs. ham, at 10 cts. . . . .	55	5 40
		<b>Bloomingsburg.</b>		
		<i>Cr. by</i>		
1848				
June	2	1 doz. plates, returned, . . . . .	56	1 —

		<b>John Wronghead,</b>			
		<i>Dr. to</i>			
1848					
June	6	Bills receivable, unpaid, . . . .	56	18	42
		<b>Ichabod Doolittle,</b>			
		<i>Dr. to</i>			
1848					
Apr.	1	Balance, . . . . .		70	29
		<b>Minisink Farm,</b>			
		<i>Dr. to</i>			
1848					
Apr.	1	Balance, . . . . .		5162	47
	10	Sundries, . . . . .	52	45	98
	18	Cash, . . . . .	(4)	23	40
		<b>Dwelling-house &amp; Lot,</b>			
		<i>Dr. to</i>			
1848					
Apr.	3	Cash, . . . . .	(4)	2738	—
	12	Do. . . . .	(4)	55	31
May	23	Do. . . . .	(6)	57	38
Aug.	9	Sundries, . . . . .	63	14	92

		<b>Quarreltown.</b>			
		<i>Cr. by</i>			
		<b>Loaferville.</b>			
		<i>Cr. by</i>			
1848					
June	30	Cash, . . . . .	(8)	38	66
"		Loss, . . . . .	58	31	63
				70	29
		<b>Contra;</b>			
		<i>Cr. by</i>			
1848					
July	30	Hay, . . . . .	63	51	50
Aug.	26	Sundries, . . . . .	65	28	45
Sep.	4	Apples, . . . . .	66	3	25
	30	Cash, . . . . .	(12)	33	90
		<b>Main Street.</b>			
		<i>Cr. by</i>			
1848					
Sep.	30	Estimated half-year's rent, . . .	75	140	—

William Otis,			
<i>Dr. to</i>			
1848			
June	28	Sundries, . . . . .	58 4 63
	30	Check on N. Y. Bank, . . . . .	58 140 37
<hr/>			
Stock			
<i>Dr. to</i>			
1847			
Oct.	31	Cash, . . . . .	24 82
Nov.	30	Do. . . . .	14 12
Dec.	31	Do. . . . .	34 25
1848			
Jan.	31	Do. . . . .	28 45
Feb.	26	Goods, . . . . .	31 16 82
	29	Cash, . . . . .	29 84
Mar.	31	Do. . . . .	19 41
	"	Balance, Net Capital, . . . . .	12,380 55
			<hr/>
			12,548 26
<hr/>			
Apr.	30	Cash, . . . . .	41 24
May	6	50 lbs. sugar, at 8 cts., . . . . .	54 4 —
	31	Cash, . . . . .	19 25
June	16	20 yds. sheeting at 10 cts., . . . . .	56 2 —
	28	2 bbls. flour, at \$7, . . . . .	58 14 —
	30	Cash, . . . . .	29 44
July	31	Do. . . . .	42 81
Aug.	16	Sundries, . . . . .	65 28 35
	31	Cash, . . . . .	24 54
Sep.	30	Do. . . . .	32 49



*Example of a Concise*

<b>Simeon Thorpe,</b>			
<i>Dr. to</i>			
1848			
July	1st, sundries, $\frac{6.51}{24}$ : 3d, do. $\frac{2.47}{25}$ : 15th, soap, $\frac{1.12}{28}$	10	10
	18th, tea, $\frac{.75}{30}$ : 20th, sugar, $\frac{1.54}{31}$ : 29th, sund's, $\frac{2.28}{36}$	4	59
Aug.	5th, coffee, $\frac{.35}{38}$ : 7th, sundries, $\frac{2.92}{39}$ : 12th, do. $\frac{.38}{42}$		
	14th, do. $\frac{1.42}{44}$ . . . . .	4	97
	15th, tea, $\frac{2.25}{44}$ : 19th, sundries, $\frac{5.35}{46}$ : 26th, salt, $\frac{2.00}{51}$	9	60
<i>The same Account</i>			
<b>Simeon Thorpe,</b>			
<i>Dr.</i>			
1848			
July	$\frac{6.51}{24} : \frac{2.47}{25} : \frac{1.12}{28} : \frac{.75}{30} : \frac{1.54}{31} : \frac{2.28}{36} : . . . . .$	14	69
Aug.	$\frac{.35}{38} : \frac{2.92}{39} : \frac{.38}{42} : \frac{1.42}{44} : \frac{2.25}{44} : \frac{5.35}{46} : \frac{2.00}{51} . . . . .$	14	57

# *Method of Posting.*

<b>Hamptonburg.</b>		
1848	<i>Cr. by</i>	
Aug.	5th, wood, $\frac{2.25}{38}$ : 7th, butter, $\frac{2.18}{42}$ : 16th, apples, $\frac{3.10}{46}$ :	
	cash, $\frac{5.00}{(20)}$ . . . . .	19 53
	20th, potatoes, $\frac{1.50}{47}$ : 24th, sundries, $\frac{2.75}{49}$ :	
	31st, cash, $\frac{5.00}{(25)}$ . . . . .	10 25
<i>Still further abridged.</i>		
<b>Hamptonburg.</b>		
1848	<i>Cr.</i>	
Aug.	$\frac{2.25}{38}$ : $\frac{2.18}{42}$ : $\frac{3.10}{46}$ : $\frac{5.00}{(20)}$ : $\frac{1.50}{47}$ : $\frac{2.75}{49}$ : $\frac{5.00}{(25)}$ . . . . .	29 78

### Section IV. The Memorandum-book.

Similar to that formerly described—How goods on hand are to be appraised  
—Entries regarding commission goods—Examples.

THIS book is perfectly similar in its form and objects to that described in Part I.; and therefore few additional descriptions or directions are required. A general view of the state of your affairs is made out as there directed. In valuing goods on hand, the ordinary practice is to set them down at cost. They should never be valued higher; and if any are now worth less, they should be rated only at what they will bring. If the future proceeds should exceed this estimate, the surplus will seldom do more than cover unforeseen expenses or losses in case of your giving up business, or being suddenly called away from all earthly pursuits. The value of the goods on hand must be ascertained by taking an actual inventory, which is technically called "taking an account of stock." The particulars should be written down and preserved; or you may write it in the Memorandum-book, immediately before the general inventory.

Entries regarding goods to be sold on commission sometimes form an important part of a retailer's Memorandum-book, though such hardly ever occur in general book-keeping. When a person sends off goods to be sold on commission, he should make a minute of the particulars, as exemplified in the entry under May 18th. No entry is to be made in the other books until the agent has sent you an account of the sales, when he is to be debited for the net proceeds, unless he sends you cash, or a check, or order. In that case it is sufficient to enter the cash received in the Cash-book, like any other cash transaction. If goods are consigned to you to be sold on commission, you minute the circumstances in the Memorandum-book on their arrival, as in the first of the following entries, and afterwards credit and debit the consignee, as mentioned in the preceding section.

Where the retailer's bill transactions are somewhat numerous, he should minute the amounts and times when they fall due in the Memorandum-book, so that he may be reminded of the circumstances while reviewing the book. This plan will enable him to dispense with Leger accounts for "bills payable," or "bills receivable."

As the entries are so similar to those already exemplified in Part I., a few examples will suffice. The reference in the last entry is to the page where the former engagement is supposed to have been minuted. As the conditions of the present are the same, a reference to the former is sufficient.

May 1st, 1848.

Received from William Otis, Otisville, to be sold on his account; 20 bbls. flour, superfine Genesee. Com'n $2\frac{1}{2}$ per cent.	All settled 30th June.
2.	
Agreed with Edward Allen for 3 tons hay, at \$8.75, to be delivered by the 15th inst.	Settled 1st June.
18.	
Consigned to Richard Gibson, N. York, per N. Y. and E. R. R., to be sold on my account, 100 bush. corn. Com'n 3 per cent.	Arrived safely 19th May.
27.	
Bought from Coe Dill a black horse, to be delivered by the 30th proximo, for \$145, to be paid by the 1st of Nov.	Delivered 30th June.
June 29th.	
Renewed the former engagement with Hugh Tracy, till 29th Sept. See p. 51.	

# DOUBLE ENTRY,

OR

## MERCHANTS' BOOK-KEEPING.

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By the above title is meant that method of book-keeping which is suitable for all who deal exclusively by wholesale, whether they keep a continuous stock of goods on hand or not, the word *merchant* being taken in its proper sense as synonymous with *wholesale dealer*.\* Those who sell by wholesale and retail must keep their books as if they sold by retail exclusively.

As retailers will prefer buying directly from the producer or manufacturer whenever they can conveniently do so, the merchant's business is mostly confined to goods produced or consumed at a distance. It resolves itself into 1st, obtaining goods

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\* In England the word *merchant* is often technically limited to those who engage only in speculations, and keep no store, while all other mercantile men who do not sell by retail are termed *wholesale dealers*; but this distinction is not applicable either to the mercantile dealings or the colloquial usage of this country. The term *merchant*, among us, includes all except retailers; and the merchants of the United States may be divided into two classes—*importers* and *general merchants*—who buy and sell only in large quantities—and *jobbers*, who sell by the piece, or in quantities to suit retailers. The distinction even between these classes is fast disappearing, owing to increased rapidity and facility of communication between the different parts of the world. Many jobbers now import their own goods, while several importers deal directly with retailers; and a few may be found whose transactions are as varied and multifarious as those supposed in the ensuing books.

## REMARKS.

produced in distant parts, and selling them on his own account ; 2d, sending goods to distant agents, who are to sell them on his account ; 3d, selling goods consigned to him on account of some other person ; and 4th, sending off goods to order on account of some distant consignee, or his employer.\* In the two former cases, he may, for the sake of diminishing the expense and risk, join with others in a particular adventure, the outlays and proceeds being shared among them according to previous agreement. Such proceedings are styled *joint adventures*, or *speculations in company*, and are nothing but temporary partnerships. In the two latter cases, the individual acts merely as another's agent. Many persons' dealings are confined to one or other of these classes of transactions ; but in the following examples, in order to give the learner a more thorough knowledge of our subject, it is supposed that the owners of the books deal in all those ways. For the same reason it is supposed that the business is a partnership concern, as indeed is generally the case among merchants. The examples include the supposed transactions of the firm for six months, from the time of their commencing business, and contain everything which would require to be recorded in their books of accounts. The dealings of merchants are so varied and complicated, that in order to understand clearly their mode of recording them, it is necessary to exhibit everything exactly as it would be in real books.

Much of what has been said in the preceding parts is equally applicable to the Merchant's business ; and it would evidently be a mere waste of the learner's time to dilate, in the ensuing pages, on such points as have been already sufficiently explained and exemplified. His attention will now, therefore, be directed mainly to those which require further examination.

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\* To say that the merchant's business is confined to *imported* and *exported* goods would be incorrect. Many American merchants deal chiefly in goods produced and consumed in the United States ; and a similar remark applies to the merchants of several other countries.

## MERCHANTS' BOOK-KEEPING.

The nine books discussed in Sections II. to X., include all that need be kept in the most extensive and complicated business. In establishments where transactions are less varied or extensive, fewer books will suffice. The particular books required in several instances, and the reasons for excluding several which generally appear in double-entry treatises, will be briefly pointed out hereafter. The set of books here exhibited is by no means exactly suitable to many merchants' business: it is much less simple than what would generally be most desirable. It is designed to teach the learner *Book-keeping*, and not the mode in which books ought to be kept in some particular establishments. But it discusses so many points that the person who masters it will have little difficulty, either in understanding any really good system of double-entry book-keeping devised by others, or in forming a plan well adapted to any particular business. He could not effect either of these objects, if only particular parts of the subject had been discussed, and much had been omitted which is very important in many kinds of business.

## RECORD OF TRANSACTIONS.

### Section I Record of Transactions.

To assist the learner in understanding how every transaction is to be entered in the books, he is furnished with the following record of all the facts and occurrences entered in the subsequent books, arranged in the order of time. He must not suppose that any such record is actually to be kept, although, to prevent circumlocution, the Day-book style is adopted. This section is designed merely to give him the information which actual occurrences would supply in real business. In studying the following set of books, the learner should refer to this record whenever he meets with any statement which he does not clearly understand. The dates will always enable him to find the required statement.

New York, July 1st, 1848.

Elijah Lawrence, James Ferguson, and Peter Stephens, having entered into partnership, as per Articles of Agreement, this day commence a wholesale, shipping and commission business, under the name of *Lawrence & Co.*, with a capital of \$25,000. Lawrence owns two-fifths of the stock, and is to receive \$1200 a year for the rent of the store, payable half-yearly. Ferguson owns another two-fifths. Stephens owns the remaining fifth, and is to receive \$500 a year for his services as book-keeper, payable quarterly. The net gain or loss is to be shared among the partners in proportion to the amount of their stock.

E. Lawrence furnishes in goods, as per

Invoice, No. 1, . . . . . \$7890.45

In cash, . . . . . 2109.55

10,000 —

J. Ferguson furnishes in goods, as per

Invoice, No. 2, . . . . . \$2140.00

A note against Kinnear & Co.,

(Bills receivable, No. 1,) due

15th instant, . . . . . 3180.55

In cash, . . . . .	4,679.45	10,000	—
P. Stephens furnishes cash, . . . . .		5,000	—
		25,000	—
Sold Joshua Osborne, Brooklyn, 2 boxes calico prints, 1728 yds. at 9½ cts., . . . . .		164	—
Recd. his note (B. R.* No. 2,) at 4 mos., due Nov. 4, . . . . .		164	—
Received from Johnson & Brothers, Liverpool, per Apollo, Hinds,† to be sold on their account, 4 bales cloth, viz.			
Bale No. 1, 20 pieces, 840 yds. black, at 14s.‡			
“ “ 2, 22 “ 670 “ blue, at 16s.			
“ “ 3, 19 “ 704 “ black, at 14s. 6d.			
“ “ 4, 20 “ 805 “ do. at 13s.			
We are allowed for commission and guarantee§ 6 per cent.			
Paid charges on the above consignment, viz.			
Duty, 30 per cent. <i>ad valorem</i> ,   . . .	\$3,165.75		
Freight, primage¶ and wharfage, . . .	33.60		
Cartage, . . . . .	.75		
Custom-house fees, . . . . .	1.25		
Postage, . . . . .	.29	3,201	64

\* B. R. stands for *Bills Receivable*, and B. P. for *Bills Payable*.

† This is the name of the captain, which always follows that of the vessel, so that his office need not be mentioned.

‡ The prices are mentioned to serve as a guide in selling the goods. The sums are not carried out, as the firm is not responsible to the consignee for these amounts.

§ When a commission agent agrees to account to his principal for the gross proceeds of sales, including bad debts, he is said to *guarantee* the sales, and is allowed a certain per centage for his risk.

|| *According to value*. The term means that the duty is so much per cent. on the actual value of the goods. Duties charged on the quantity, as so much per yard or lb., are called *specific*.

¶ This means a certain per centage on the freight, allowed to the captain. *Wharfage* is a charge for the use of the wharf. The terms *storage, pierage, &c.*, have a similar meaning, which is obvious from those of the primitive terms.

July 3d.

<b>Sold</b> Simon Dewitt, Broadway, 6 pieces black cloth, 211 yds., at \$5.10, . . . . .	1,076	10
<b>Recd.</b> his note (B. R. No. 3,) at 60 days, due Sept. 4,	626	10
<b>Balance</b> in cash, . . . . .	450	—
5. _____		—
<b>Received</b> from Lee & Co., Lowell, per Blackbird, Traill, from Boston, sundry cotton goods, as per Invoice No. 3, amounting to . . . . .	6,974	28
<b>Paid</b> charges on do. from Boston, . . . . .	38	40
" _____		—
<b>Returned</b> to Simon Dewitt for damag. piece of goods,	6	—
7. _____		—
<b>Paid</b> Israel Hinton, in full, for store furniture, .	217	84
" _____		—
<b>Sold</b> for cash, 1 piece tweed, 28 yds., at \$1.75, .	49	—
10. _____		—
<b>Bought</b> of Henry Horton & Co., a draft at 3 days' sight, on S. Bradford, in favor of Lee & Co., . . . . . \$5,420.39		
<b>Paid</b> them $\frac{1}{4}$ per cent. premium, . . . . . 13.55	5,433	94
" _____		—
<b>Paid</b> William Winant, on account of Lee & Co., as per advice,* balance of their account, . .	1,553	89
13. _____		—
<b>Bought</b> from Charles Olmstead, at auction, a lot of muslins, viz. 26 pieces, 654 yds., at 16 cts. . . . . \$104.64 22 " 510 " at 20 cts. . . . . 102.00 30 " 1120 " at 32 cts. . . . . 358.40	565	04
<b>For</b> which we have given our note (B. P. No. 1), at 90 days, due 14th Oct., . . . . .	565	04

\* This phrase means according to written advice or request.

July 14th

Purchased from Bishop and Co., Boston, one half of the brig Blackbird, the other being purchased by Walter Gibson, New Orleans, we to have the management of the vessel,* as per agreement with the latter. The price of our half is . . .	4,000	—
15. Agreed with J. & D. Wood for repairing the Blackbird, as per contract.		
" Received from Kinnear & Co., amount of their note to J. Ferguson, (B. R. No. 1,) due this day, .	3,180	55
20. Sold John Mac-Gregor, Pearl street, 5 cases linen, 5558 $\frac{1}{4}$ yds., at 40 cts., . . . . .	2,223	50
Received in exchange, 1 bale black cassimer, 740 <sup>c</sup> yds., at \$2.75, . . . . .	2,035	—
Balance in cash, . . . . .	188	50
" Paid Frederick Horner, for blanks and stationery,	12	45
21. Paid Standish & Winthrop, for their draft, at sight, on Hinton & Son, Boston, payable to the order of Bishop & Co., to discharge their claim against us for one half of the Blackbird, . . . . .	4,020	—
Face of the draft, . . . . \$4,000		
Premium $\frac{1}{4}$ per cent., . . . . 20	4,020	—

\* A vessel is frequently owned in shares; and one of the owners, and sometimes a general ship agent, has charge of her. He sees to repairs, fitting out, engaging freight, &c., and is allowed a certain commission, according to agreement with the owners, or in the absence of any such agreement, according to custom. He is technically called *the ship's husband*. If a firm be managers, as in the present case, they are on the same footing as an individual.

July 21st.

Sold for cash 1 piece cloth, superfine black, 32 yds. at \$5.00, . . . . .	160	—
24. —————		—
Paid J. & D. Wood, in full, for repairing the Blackbird, . . . . .	248	75
29. —————		—
Paid David Chandler's bill, for store expenses, .	17	22
" —————		—
We have re-appointed William Traill captain of the Blackbird, as per agreement, and have fitted out the vessel for a voyage to Havana.		—
31. —————		—
We have entered into company with Benson & Smith, in a speculation per Blackbird to Hava- na,* (styled Company A,) the expenses and the gain or loss to be equally shared between us, we to have the management, and to be allowed 2 per cent. commission.		—
" —————		—
Sold for cash 200 yds. muslin, at 40 cts., . . .	80	—

\* In joint adventures—otherwise called company speculations—the parties contributing goods are allowed so much for them, and then the gain or loss is shared by the adventurers according to their previous agreement. The various partnerships are distinguished by such titles as *Company A, Company B, Company C, &c.* (written *Co. A, Co. B, Co. C,*) or *1st Company, 2d Company, 3d Company, &c.* These terms are used merely for the sake of abridgment. One of the parties generally takes charge of the speculation, and is allowed a commission, like an ordinary agent. Sometimes goods are purchased for the speculation from strangers, in which case the purchaser is responsible to the seller, as if they were bought exclusively on his own account. When you are shipping agent, you may call the speculation "*Shipment to —, Co. —.*" When you are sales agent you may style it "*Merchandise, Co. —.*" When you are not agent, you may distinguish it as "*Adventure Co. —,*" or "*Adventure to —, Co. —.*"

July 31st.

Consigned to Philip Linares, per Blackbird, to be sold on account of Co. A, 4 boxes cotton goods, marked <i>P. L. Havana</i> , viz.		
No. 1, from us, 22 pcs. $\frac{1}{4}$ prints, 512 yds. at 12 cts. \$61.44		
20 " $\frac{1}{4}$ do. 460 " at 10 cts. 46.00	107	44
No. 2, fr. us, 26 pcs. $\frac{1}{4}$ muslins, 654 yds. at 16 cts. \$104.64		
22 " $\frac{1}{4}$ do. 510 " at 20 cts. 102.00		
30 " $\frac{1}{4}$ do. 1120 " at 32 cts. 358.40	565	04
No. 3. from Benson & Smith,		
20 pcs. $\frac{1}{4}$ cambric, 500 yds. at 40 cts. \$200.00		
22 " $\frac{1}{4}$ do. 510 " at 50 cts. 255.00		
10 " $\frac{1}{4}$ prints, 250 " at 20 cts. 50.00	505	—
No. 4, bought from Brooks & Lazear, Broad-street, on acc. of Co. A, on 3 mos.' credit,		
38 pcs. $\frac{1}{4}$ gingh'm, 1120 yds. blue, at 20 cts. \$224.00		
32 " $\frac{1}{4}$ " 840 " pink, at 28 cts. 235.20	459	20
Paid for shipping charges, . . . . . \$92.48		
Freight, due the Blackbird, . . . . . 20.00	112	48
Our commission, 2 per cent. on \$1,749.16, is . . . . .	34	98
	1,784	14
Our half is . . . . .	892	07
Benson & Smith owe us, for their deficiency, . . . . .	387	07
This adventure is denominated <i>Shipment to Havana, Co. A.</i>		
August 2d.		
Paid for outfits* of Blackbird, . . . . .	365	82
Insured do. for \$8000 with the Marine Ins. Co. Premium† 2 per cent. Policy \$1.25. Gave them our note, at 4 mos., for the amount, (B. P. No. 2.) due Dec. 5th, . . . . .	161	25

\* The expenses incurred for victualing, advances to the seamen, and other things necessary to equip the vessel for a voyage.

† The amount per cent. charged for insurance is denoted by this term. The written engagement is called a *policy*.

August 3d.

The Blackbird sailed this afternoon, on her voyage to Havana.			
7.			
Received from Pezron & Co., Havre, per Hope- well, Turner, 3 bales superfine black cloth, 1440 yds., at 26.32 francs, amounting, including charges, to 39,739.68 frs., exchange at 19 cents,		7,550	53
Gave our bond to the custom-house for duty, 30 per cent. <i>ad val.</i> at 4 mos. (B. P. No. 3,) due Dec. 10th, . . . . .		2,148	29
Paid charges, . . . . .		117	57
9.			
Shipped per Neversink, Allen, consigned to Isaiah Porter, Charleston, to be sold on our account, 1 bale black cloth, marked <i>I. P. Charleston</i> , 610 yds., at \$5.60, . . . . .		3,416	—
Paid charges, including insurance, . . . . .		43	21
“			
Accepted Pezron & Co.'s draft on us, in favor of Emile Debure, at 60 days' sight (B. P. No. 4,) due Oct. 11th, . . . . .		7,399	04
“			
Exchanged notes with Horton & Burgess, at 60 days, for mutual accommodation,* . . . . .		5,000	—

\* Two parties are said to exchange notes, when each gives a note to the other, both being for the same amount and term. Such notes are drawn with a view to being discounted at a bank, and the plan adopted furnishes indorsers without one party being obliged more than the other. They are not classed with Bills Receivable, because it is not expected that either party is to demand payment at maturity. Each indorses his note, and gets it discounted. It is then classed with Bills Payable, since the amount is due to the bank at maturity. I have given a transaction of this kind, to show the learner how they are dealt with; but I consider these cross accommodation bills an indirect means of getting notes discounted without giving proper security, since two notes are discounted, and only two parties responsible for them.

August 11th.

Lent Giles & Co., Maiden Lane, for one mo. . . . .	200	—
“		
Lent Joseph Trusty, Captain of the ship Unicorn, on his bottomry* bond, (B. R. No. 4,) to be re- paid with 10 per cent. premium to Johnson & Brothers, Liverpool, 20 days after the arrival of his ship at that port, . . . . .	1,500	—
11.		
Received from the New York Bank for Horton & Burgess' note (B. P. No. 5,) due Oct. 11th, . . . . .	4,941	66
Discount retained by the bank, . . . . .	58	34
“		
Shipped per Triton, Howell, for New Orleans, by order and on account of Walter Gibson, and to him consigned, 1 bale cloth, superfine black, marked <i>W. G. New Orleans</i> , and containing 12 pieces, 370 yds., at \$6.70, . . . . .	2,479	—
Paid shipping charges, . . . . .	14	25
Postages, . . . . .		20
Insurance on \$2,479, premium 1 per cent., and poli- cy \$1.25, . . . . .	26	04
Our commission, 2½ per cent. on \$2,519.49, is . . . . .	62	99
14.		
Drew on Walter Gibson, at 30 days' sight, for . . . . .	2,582	48
Sold the draft to Burtis & Lord, at 1½ per cent. prem. . . . .	38	73
15.		
Paid Henry Horton & Co. for discount on uncur- rent and foreign money, . . . . .	2	41

\* *Bottomry* is where the owner or master of a ship pledges the vessel as security for money borrowed to enable him to accomplish the voyage. A high premium is always stipulated for, in such cases, because there is a condition in the bond that nothing shall be repaid, if the vessel be lost.

August 15th.

We have entered into an engagement with Walter Gibson, New Orleans, and Frederick Richter, Hamburg, to make consignments to each other on joint account. Each party guarantees his own sales, and is to receive a commission of  $2\frac{1}{2}$  per cent. on purchases, and 5 per cent. on sales. This engagement is designated *Co. B.*

16.

Received from McAlpin & Baird, Glasgow, per Clyde, Kennedy, to be sold on their account, 2 bales black cassimer,\* viz.

Bale No. 1, 21 pieces, 754 yds., at 7s.

" " 2, 22 " 792 " at 6s. 6d.

Paid charges on the above, viz.

Duty 30 per cent. *ad val.* on £526.6.0, . \$764.19

Custom-house fees, . . . . . 1.25

Freight, primage and wharfage, . . . 12.44

Cartage, . . . . . 0.50

Postages, . . . . . 0.58

778 96

"

Paid for advertising, . . . . .

5 50

17.

Received per Seagull, Brander, from Walter Gibson, New Orleans, on account of Co. B, 300 bales cotton, as per Invoice No. 4,† amounting, including charges, to . . . . .

9,128 44

Our third is . . . . .

3,042 61

This lot of goods is denominated *Mdse,‡ Co. B.*

"

Paid for advertising Johnson & Brothers' consignment, . . . . .

4 25

\* Although it is not necessary, in a treatise like the present, to give the peculiar marks on packages or vessels, yet in actual business, these should generally be given, so that you can readily identify any one of them at pleasure.

† In a company speculation, the consigner always sends an invoice of the consignment to every one of the parties concerned.

‡ This is the usual abridgment for *Merchandise.*

# August 17th.

Paid charges on Mdse. Co. B, . . . . .	156	21
18. —————		
Paid James Ferguson, on private account, . .	150	—
19. —————		
Sold Moses Patterson, Newark, of Mdse. Co. B, 50 bales cotton, Nos. 1 to 50, as per Invoice No. 4, 20,844 lbs., at 11 cts., . . . . .	2,292	84
Received his note at 90 days (B. R. No. 5,) due Nov. 20th, . . . . .	1,292	84
Balance in cash, . . . . .	1,000	—
21. —————		
Sold William Kerr, for cash, 1 box prints, 903 yds., at 11 cts., . . . . .	99	33
23. —————		
Bought of Jacob Winant, at auction, for cash, 4 boxes prints, 3612 yds., at 7 cts., . . . . .	252	84
" —————		
Paid postages, on account of Mdse. Co. B, . .	—	40
25. —————		
Sold to Daniel Bull, Newburg, for cash, of Mdse. Co. B, 50 bales cotton, Nos. 51 to 100, as per Invoice No. 4, 20,480 lbs., at 10 $\frac{1}{4}$ cts., . . . . .	2,201	60
Paid for cartage and shipping of do., . . . . .	5	25
26. —————		
Sold John Pierson, Poughkeepsie, 2 cases linen, 1950 yds., at 45 cts., . . . . .	877	50
Received his note in full, at 30 days (B. R. No. 6,) due Sept. 28th, . . . . .	877	50
29. —————		
Sold John Mac-Gregor, on 3 mos.' credit, 2 cases linen, 1850 yards., at 40 cts., . . . . .	740	—
31. —————		
Advised by Isaiah Porter of the loss of the Never- sink, with the whole of our consignment, on the 23d current.		
Paid postage on do., . . . . .	—	20

September 1st.

Received from the Marine Ins. Co. amt. insured on consignment to Charleston, . . . . .	3,400	—
Total loss, including charges, . . . . .	3,459	41
Net loss, . . . . .	59	41
2. —————		
Sold for cash,		
3 pieces linen, 75 yds., at 45 cts., . . . \$33.75		
2 " black cassimer, 62 yds., at \$2.75, 170.50		
1 piece black cloth, 28 yds., at \$4.50, . 126.00	330	25
" —————		
Received an order from Pezron & Co. for 200 bales N. O. cotton, to be shipped with all convenient dispatch.		
Received also their draft in our favor on Emile Debure, at ten days' sight, which has been duly accepted, (B. R. No. 7.) due 15th inst., . . .	7,500	—
Paid postage on their account, . . . . .	—	45
4. —————		
Simon Dewitt has failed, and we have receiv- ed for his note, due this day (B. R. No. 3.)		
60 per cent., . . . . . \$375.66		
Balance, lost, . . . . . 250.44	626	10
5. —————		
Walter Gibson writes us that he shipped for Ham- burg, on the 25th ult., per Elbe, Jaeger, on ac- count of Co. B, 150 bales of cotton, consigned to Frederic Richter, amounting, as per Invoice No. 5, to \$4,230.28.		
Our third is, . . . . .	1,410	09
Paid postage, . . . . .	—	39
This speculation is styled <i>Adventure to Hamburg,</i> <i>Co. B.</i>		
" —————		
Sold to William McAlister, Kingston, on 3 mos.' credit, 4 pieces blue cloth, 130 yards, at \$5.10,	413	—
" —————		
Advised by F. Richter that he shipped per Hol- stein, Wittich, on the 14th ult., a quantity of linen, on account of Co. B.		

Paid postage on account of said consignment, This adventure is denominated <i>Mdse. Co. B. No. 2.</i>	—	35
9.		
Shipped per Dolphin, Hunter, for New Orleans, consigned to Walter Gibson, to be sold on our acct., * 2 boxes cotton goods and 1 bale cloth, mark- ed <i>W G., New Orleans</i> , containing as follows, viz.		
Box No. 1, 20 pcs. $\frac{7}{8}$ prints, 470 yds. at 12 cts. \$56.40	150	—
28 " $\frac{4}{4}$ do. 624 " at 15 cts. 93.60		
Box No. 2, 30 pcs. $\frac{4}{4}$ muslins, 956 yds. at 20 cts. \$191.20	448	50
28 " $\frac{4}{4}$ do. 830 " at 31 cts. 257.30		
20 pieces superfine blue cloth, 712 yds., at \$5.90,	4,200	80
Paid charges, . . . . .	43	25
This speculation is styled <i>Shipment to New Orleans.</i>		
11.		
Received from Giles & Co., loan in full, . . .	200	—
12.		
Sold Thomas Faithless & Son, Saugerties, 1 case linen, 38 pieces, 840 yds., at 40 cts., . .	336	—
Received their note in full, at 60 days (B. R. No. 8,) due 14th Nov.		
15.		
Sold Samuel Hasty, Albany, of McAlpin & Baird's Con., bale No. 1, 754 yds. black cassimer, at \$2.75,	2,073	50
Received his note in full, at 60 days (B. R. No. 9), due 17th Nov.		
"		
E. Debure offered to pay B. R. No. 7, due this day : but we requested him to credit us for the amt. and the interest on the same till Oct. 11th.		
16.		
Sold to Galen Otis, Buffalo, of Johnson & Bro- thers' C., 3 bales black cloth, viz.		

\* The phrase "for sales and returns" is often employed in such cases, instead of that used in the present treatise. I have adopted the simpler expression, which is also more precise, as the other applies to commis- sion goods re-shipped.

Bale No. 1, 20 pieces, 840 yds., at \$4.50, \$3,780.00		
3, 19 " 704 " at \$4.75, 3,344.00		
4, 20 " 805 " at \$4.25, 3,421.25	10,545	25
Received in part payment Chas. Adams' note, in- dorsed by him (B. R. No. 10,) due Dec. 4th, .	5,545	25
Cash, bal. in full, . . . . .	5,000	—
18.		
Received from Frederic Richter, per Holstein, Wit- tich, Mdse. Co. B, No. 2, of which we were ad- vised on the 5th currt., viz.		
20 cases linen, each containing 40 pieces, of 25 yards a piece, at 1 marc banco and 4 schellings per yard, . . . . . 25,000 marcs.		
Charges, . . . . . 1,250 "		
Total, . . . . . 26,250 marcs.		
Our third is 8,750 marcs, amounting, at 35 cts. per marc, to . . . . .	3,062	50
Paid duty, 20 per cent. <i>ad val.</i> on \$8,750, \$1,750.00		
Custom-house fees, . . . . . 1.50	1,751	50
"		
Paid Peter Stephens, on private account, . . .	50	—
"		
Lost by a counterfeit note, . . . . .	5	—
20.		
Paid charges on Mdse. Co. B, No. 2, viz.		
Freight, primage and wharfage, . . . \$34.80		
Cartage, . . . . . 1.00		
Advertising, . . . . . 2.30		
Postages, . . . . . —.69	38	79
"		
Accepted McAlpin & Baird's draft on us, at 30 days' sight, in favor of Benson & Smith, (B. P. No. 6,) due 23d Oct., . . . . .	3,500	—
"		
Received from Van Norden & Ziegler, to acct. of E. Lawrence, amt. of their note to him, due to- day, . . . . .	554	50

September 22d.

Sold Henry Cramp, Poughkeepsie, on 3 mos.' credit, 1 box prints, 902 yds., at 10 cts., . . . . .	90	20
23. _____		
Paid subscription for relief of sufferers by the Brook- lyn fire, . . . . .	10	—
25. _____		
Sold William Fleece, Nyack, on 1 mo.'s credit, 4 pieces muslin, 112 yds., at 18 cts., . . . . .	20	16
" _____		
Sold C. Hammersmith, Newburg, on 1 mo.'s credit, 1 piece cassimer, 32 yds., at \$2.25, . . . . .	72	—
27. _____		
Sold Niel Stewart, Albany, bal. of Johnson & Bros.' C., viz. :		
Bale No. 2, black cloth, 22 pcs., 670 yds. at \$4.90,	3,283	—
Received his note in full, at 60 days (B. R. No. 11,) due Nov. 29th.		
28. _____		
Renewed John Pierson's note (B. R. No. 6,) for 60 days.		
Received discount on the amt. for that time, . . . . .	10	24
30. _____		
Paid James Ferguson, on private account, . . . . .	75	—
October 2d. _____		
Advised by Walter Gibson that he shipped, at our charge, to Pezron & Co., on the 20th ult., per Napoleon, Astruc, 200 bales cotton, amounting, as per Invoice No. 6, including charges, to . . . . .	7,120	—
Our commission, at $2\frac{1}{4}$ per cent., is . . . . .	178	—
We allow W. Gibson a commission of 2 per cent., . . . . .	142	40
Our net gain on commission is . . . . .	35	60
Paid postages on account of the consignment, . . . . .	—	54
" _____		
Paid Elijah Lawrence, on private account, . . . . .	100	—
" _____		
Sold Wells and Ansted, Broad street, of Mdse. Co. B, No. 2,		

5 cases linen, Nos. 1 to 5, 5000 yds., at 60 cts.,	3,000	—
Received in exchange 20 boxes prints, Nos. 1 to 20, as per Invoice No. 7, 30,000 yds., at 10 cts.,	3,000	—
4.		
Sold John Pinel, Utica, of Mdse. Co. B, No. 2, 5 cases linen, Nos. 5 to 10, 5000 yds., at 65 cts.,	\$3,250.00	
Of our own goods,		
4 boxes prints, Nos. 17 to 20, as per Invoice No. 7, 6000 yds., at 12½ cts.,	750.00	4,000 —
Received in payment,		
Our note to Chas. Olmsted, (B. P. No. 1,) due Oct. 14th,	\$565.04	
G. Hughes' acceptance of P. Vieyra's draft, in favor of J. Pinel, at 10 days' sight, (B. R. No. 12,) due 12th inst.,	3,428.55	
His own note for the bal. at 60 days, (B. R. No. 13,) due Dec. 6th,	6.41	4,000 —
5.		
Paid Benson & Smith, for the honor of Pezron & Co., the amount of their draft on James Desnoyers, due this day, and protested for non-payment,	\$1,750.50	
Our brokerage, * ½ per cent., is	8.75	1,759 25
"		
Paid James Ferguson, on private account,		80 —
7.		
Discounted N. Stewart's note, (B. R. No. 11,) due Nov. 29th, at the New York Bank. Received cash,	\$3,249.17	
Discount retained,	33.83	3,283 —
"		
Shipped per William Henry, Bonar, by order and on account of Johnson & Bros. Liverpool,		

\* When a person accepts or pays a draft, *supra protest*, for a correspondent's accommodation, he is allowed a small sum for brokerage.

300 bbls. Genesee flour, bot. of Henry Fuller, at \$5.75, . . . . .	\$1,725.00		
Paid shipping charges and postages, . . . . .	245.00		
Our commission, 2½ per cent. on \$1,970, is . . . . .	49.25	2,019	25
Gave our note to H. Fuller, for the purchase money, at 4 mos. (B. P. No. 7,) due Feb. 6th, 1849, . . . . .	9.	1,725	—
Sold Andrew Lewis, Buffalo, 1 box prints, 1010 yds., at 12 cts., . . . . .	\$121.20		
Bal. of McAlpin & Baird's C., viz.: Bale No. 2, black cassimer, 22 pcs., 792 yds., at \$2.70, . . . . .	2,138.40	2,259	60
Received, in full, Daniel Cozzens' note, indorsed by himself, (B. R. No. 14,) due Dec. 11th. " . . . . .			
Sold Joshua Barr, Geneva, for cash, 2 boxes prints, Nos. 1 & 2, as per Invoice No. 7, 3000 yds. at 12 cts. . . . .	11.	360	—
We have given up to E. Debure, Pezron & Co.'s draft in our favor (B. R. No. 7,) due 15th ult., . . . . .	\$7,500.00		
He owes us interest on do. for 26 days, . . . . .	37.72	7,537	72
He has given up to us, in part payment, Pezron & Co.'s draft on us, (B. P. No. 4,) due this day, . . . . .	\$7,399.04		
Received bal. in cash, . . . . .	138.68	7,537	72
Renewed our note to Horton & Burgess, (B. P. No. 5,) at the New York Bank for 30 days, due Nov. 16. Paid the bank disc. on the amt. \$5,000, for 33 days, . . . . .	12.	32	08
G. Hughes offered to pay his acceptance of Vieyra's draft (B. R. No. 12,) due this day: but to accommodate him, we agree to receive the amount with interest, on the 2d Jan., 1849.			

October 16th.

Sold at auction, for cash, to Wickham & Denny, Pearl street, of Mdse. Co. B, No. 2, 4 cases linen, Nos. 11 to 14, 4000 yds., at 65 cts.,	2,600	—
Paid auctioneer's commission, 3 per cent., . \$78.00		
Cartage, . . . . . 1.00	79	—
_____ " _____		
Paid for store expenses, . . . . .	5	22
_____ 18. _____		
The Blackbird arrived from Havana, after being obliged to put back into port, to repair damages received in a gale, off the coast of Florida. We have received from P. Linares Account Sales of Shipment to Havana, Co. A. Net proceeds, . . . . . \$2,478.90		
From this he deducts the amt. paid for re- pairing the vessel,* . . . . . 340.50		
Received his draft on M. Herrera, at sight, for the balance, which has been duly paid, . . . .	2,138	40
_____ " _____		
Sold for cash, 1 piece cassimer, 30 yds., at \$2.45,	73	50

\* When a vessel is injured, or part of her cargo lost or damaged, at sea, the loss is borne either by the owner of the lost property exclusively, or by all the parties concerned. If a vessel is injured, without the cargo incurring any danger, the loss is borne by the owners of the vessel or their insurers. But the latter generally deduct one third from the expense of repairs, as the new materials are supposed to be worth more than those lost. Hence you may see, from the entry under Dec. 30th, that the insurers refund only two thirds of the expense of repairs in the present case. When any ship furniture is cut away or thrown overboard, to save the vessel, the loss is borne by all the parties, in proportion to the property they have at stake. In the former case, the contributions made are called *particular*, and in the latter *general averages*. The property sacrificed is called the *jettison*. In the present instance, it is supposed no sacrifice has been made for the cargo.

October 20th.

Received from Capt. Traill net proceeds of freight of Blackbird,* . . . . .	655	—
21. —————		—
Advised by Johnson & Bros. that Capt. Trusty, of the Unicorn, paid them on our acct., on the 30th ult., the amt. borrowed on his bottomry bond of August 11th, (B. R. No. 4,) . . . \$1,500.00		
With 10 per cent. premium, . . . . . 150.00	1,650	—
Paid postage, . . . . .	—	29
“ —————		—
Took Henry Cramp's note, at 60 days, (B. R. No. 15,) in full for goods sold him on the 22d ult., due Dec. 22d, . . . . .	90	20
23. —————		—
Shipped to Boston, per Phineas, Dobson, consigned to Luther Stryker, to be sold on acct. of Mdse. Co. B, 100 bales cotton, Nos. 101 to 200, as per Invoice No. 4, 41,150 lbs., at 6 cts., . . . . .	2,469	—
Paid charges, . . . . .	42	25
“ —————		—
Paid Benson & Smith McAlpin & Baird's draft, (B. P. No. 6,) due this day, . . . . .	3,500	—
“ —————		—
Sold Hiram Beakes, Honesdale, for cash, of Mdse. Co. B, No. 2, 4 cases linen, Nos. 15 to 18, 4000 yds. at 67 cts., Paid charges, . . . . .	2,680	—
		2 75
30. —————		—
Entered into company with McKeen & Patterson, Water Street, in a speculation to Marseilles, per Republique, Charron, they to be agents, and we one third concerned.		

\* The captain of a vessel frequently receives the freight, and settles with the seamen, in which case he pays over the balance to the owners, or their agents.

We have accordingly taken to acct. of the Co. (Co. C), at the market price, the bal. of Mdse. Co. B, viz. 100 bales cotton, Nos. 201 to 300, as per Invoice No. 4, 40,780 lbs., at 8 cts., . . . \$3,262.40			
Paid charges, . . . . .	18.00	3,280	40
Their outlay amounts to . . . . .		5,720	44
Our one third is . . . . .		3,000	28
Due from McK. & P. for their deficiency, . .		280	12
November 1st.			
Paid store expenses, . . . . .		6	45
5.			
Received from Wm. McAlister, in full, . \$410.59			
Allowed him one mo.'s discount on \$413, . . . 2.41		413	—
Sold him on 3 mo.'s credit,			
500 yds. prints, at 10 cts., . . . . .		50	—
10.			
Fitted out the Blackbird for a voyage to Liverpool.			
Paid for outfits, . . . . .		270	86
11.			
The Blackbird sailed on her voyage to Liverpool, this afternoon, with a fair wind.			
15.			
Paid Brooks & Lazear, for goods bot. on acct. of Co. A.		459	20
Interest on do. for 15 days,* . . . . .		1	33
16.			
Discounted at the New York Bank Galen Otis' note, (B. R. No. 8,) due Dec. 4th. Face of the note, . . . . . \$5,545.25			
Less discount for 19 days, . . . 20.49		5,524	76
Took up our note to Horton & Burgess (B. P. No. 4,) due this day, . . . . . 5,000.00			
Received bal. in cash, . . . . . 524.76		5,524	76
20.			
Received from Moses Patterson, for his note of Aug. 19th, (B. R. No. 5,) due this day, 1000 yds. cotton shirting, at 8 cts., . . . . . \$800.00			
Bal. in cash, . . . . . 492.84		1,292	84

\* Interest accrued because the amount was due on the 31st of Oct.

November 22d.

Samuel Hasty has failed, and we have given up to his assignees our note against him, on acct. of McAlpin & Baird's C. (B. R. No. 9,) due 17th currt., for . . . . . \$2,000.00		
Balance lost, not guaranteed, . . . . . 73.50	2,073	50
27. _____		
Paid Peter Stephens, on private acct., . . . . .	50	—
29. _____		
Received from John McGregor, in full, for linen, . . . . .	740	—
30. _____		
Received from John Pierson amt. of his note, (B. R. No. 6,) due this day, . . . . .	877	50
December 2d. _____		
Sold for cash, to Wickham & Denny, 1 box prints, 1020 yds. at 10 cts., . . . . .	102	—
5. _____		
Paid Marine Ins. Co. our note (B. P. No. 2,) due this day, . . . . .	161	25
9. _____		
John Pinel has absconded, and our note against him, (B. R. No. 13,) due 6th currt., is worthless. Loss, . . . . .	6	41
" _____		
Paid our bond to the Custom-house, (B. P. No. 3,) due to-morrow, . . . . .	2,148	29
" _____		
Paid for store expenses, . . . . .	10	55
11. _____		
Received from Daniel Cozzens amt. of his note to A. Lewis, indorsed to us, (B. R. No. 14,) due this day, . . . . .	2,259	60
16. _____		
Received from Walter Gibson A. S.* of our shipm. to New Orleans, per Dolphin. Net proceeds, Accepted his draft in favor of Antonio Bolzano, at 30 days' sight, (B. P. No. 8,) due 18th Jan. 1849,	5,314	28
	350	—

\* For "Account of Sales," generally called "Account Sales."

December 16th.

Bought at auction, on 3 mos.' credit, from Halsted & Brown, Peck's Slip, 420 yds. muslin, at 40 cts.,	168	—
18.		
Made out and dispatched McAlpin & Baird's Accts. Charged their C. for commission on gross proceeds of sales, 5 per cent. on \$4,211.90, . . . \$210.60		
Storage, . . . . . 1.00		
Interest on first charges for 4 mos., . . . 9.35	220	95
They owe us on their acct. proper* for bal. of interest, . . . . . 21.62		
For postage, . . . . . .58	22	20
Drew on them in favor of Johnson & Bros., at 10 days' sight, for bal. of acct., exch. at 10 per cent., £78.9.11½ stg., . . . . .	383	71
23.		
Received from Joshua Osborne amt. of his note of July 1st, (B. R. No. 2,) due Nov. 4th, \$164.00		
Interest on do. for 49 days, . . . . . 1.56	165	56
"		
Sold Wells & Ansted, for cash, 1 piece cloth, superfine black, 35 yds., at \$4.25, .	148	75
"		
Thos. Faithless & Son having failed, their assignees have paid us 30 per cent. on their note, due Nov. 14th, (B. R. No. 8,) . . . . . \$100.80		
Balance lost, . . . . . 235.20	336	—
"		
Bought from John McGregor, on 2 mos.' credit, 320 yds. gingham, at 25 cts., . . . . .	80	—
26.		
Received from Luther Stryker A. S. of Mdse. Co. B, per Phineas. Net Proceeds, . . . . .	3,970	45

\* You distinguish by this term a strictly personal account from a consignment account, or any of that kind.

Received his draft in full on Genung & Farnam, at 30 days' sight, which has been duly accepted, (B. R. No. 16,) due 28th proximo.		
Paid postage, on acct. of the Co., . . . . .	—	10
27.		
Received from F. Richter A. S. of Adv. to Ham- burg, Co. B. Net proceeds, 11,418 marcs banco.		
Our $\frac{1}{4}$ is 3,806 marcs, am'ting, at 36 cts. per marc, to	1,370	16
Paid postage, . . . . .	—	65
29.		
Made out and mailed the Accts. of Johnson & Bros.		
Charged their C. commission and guarantee,		
6 per cent. on \$13,828.25, . . . . .	\$829.70	
Storage, . . . . .	2.50	
Int. on first charges, from July 1 to Oct. 20, 58.70	890	90
Balance of inter. due them on their Account proper,	94	36
Paid H. Horton & Co. for a draft, at sight, in their favor on Baring, Bros. & Co. for £1,180.13.10 $\frac{1}{4}$		
stg., exch. at 10 per cent., . . . . .	5,772	28
Paid postage on their acct., . . . . .	—	58
30.		
Paid P. Stephens 2 quarters' salary, at \$125, \$250.00		
Interest on 1 quarter's salary, for 3 mo., . . . . .	252	19
"		
Purchased from Daniel Cozzens 120 pairs English blankets, at \$3.50, . . . . .	420	—
Gave our note at 60 days, (B. P. No. 9,) . . . . .		
due Mar. 3d, 1849, for . . . . .	\$210.00	
Paid bal. in cash, . . . . .	420	—
"		
Paid Benson & Smith bal. due them for their half of net proceeds of shipment to Havana, Co. A, to close the Co. accts., . . . . .	852	38
"		
Rec'd from Marine Ins. Co. $\frac{2}{3}$ expenses incurred in repairing the Blackbird, on her voyage to Havana,	227	—
"		
We owe E. Lawrence. for half-year's rent of store,	600	—

December 30th.\*

Value of goods on hand, as per Invoice† No. 8, .	17,955	56
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\* When the month ends on Sunday, as happened with December, 1848, the books are closed as if it ended on the preceding day: but the last day is included in calculating interest.

† Such accounts of goods as this and Invoices Nos. 1 and 2, might be more properly styled *inventories*; but as these do not, in such cases, essentially differ from invoices, it is most convenient to class and number them together. Invoices like the above might be written in the Memorandum-book, to which the Day-book entry might refer, if this course should be deemed preferable. It is not usual to write such lists in the Day-book, on account of their length.

The entries at the close of the Day-book which are derived exclusively from the Leger, do not belong to the preceding record.

## Section II The Cash-Book.

Mode in which small charges on account of Merchandise may be entered collectively—How you enter sums withdrawn by partners—How the book may be checked where it is not balanced daily—Bank deposits—Mode of proceeding in case of discount, interest, &c.—Mixed charges—Mode of entering weekly or monthly receipts and payments collectively—Caution regarding bill entries—Particular modes of stating certain receipts and payments—Examples.

THE form of this book does not differ essentially from those already exemplified in Parts I. and II. Where there are many small charges on account of your own goods exclusively, they can be entered collectively by setting aside a sum for that purpose, crediting it at once to "Merchandise," or "Store Expenses," and paying the charges from that source until it has been exhausted. If the money be given in charge to one of the clerks, his name should be mentioned; and he may be required to keep a record of the expenditures in a little book. But it must be observed that small charges on any other account must be entered regularly in the Cash-book.\* Though such entries seldom appear in treatises on Book-keeping, they are of frequent occurrence in actual business. The book just mentioned would be kept merely as a means of determining whether certain sums had been paid, and as a check upon the clerk. Hence it need not be alluded to in any of the other books.

The sums withdrawn by partners are entered in their respective names to the credit of Cash. Each partner keeps such a record of the particular expenditure as he sees proper. If mo-

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\* In the ensuing examples, all the small charges on commission goods are entered separately, as this is the best means of giving a learner a knowledge of the subject: but the plan is very laborious in practice. A common method is to make no distinction between small charges on your own and those on commission goods, and in making out the Accounts Sales, to charge a small per centage for those items, which can always be fixed so as to come very near the real outlay.

## THE CASH-BOOK.

ney be paid to another on account of a partner, it is entered as directed in Part I., Sect. IV.

In entering sales or purchases of commission goods, you must always particularly mention on whose account, so that the proper account may be duly debited or credited in the Leger.

In an ordinary business, it is sufficient to balance the Cash-book at the end of every week, and in a small business at the end of every month. In order to check the book daily, you enter the cash on hand at night on a slate, or in a pocket memorandum-book, and the balance of the receipts or payments of the ensuing day, added to or subtracted from this sum, should correspond to the amount on hand next night ; and so on, from day to day.

The plan of depositing most of the cash in a bank, and giving individuals checks for sums to be paid them, possesses some obvious advantages over that of keeping all the cash in the store ; but it is also attended with some disadvantages. Thus, for example, when a person calls for money, he sometimes does not like to be sent off with a check to the distance of a mile or upwards, and find, when he arrives, that the bank has just been closed for the day, or that he has to wait a long time before the teller can attend to him. The more business-like plan is, to have some cash at hand ready to meet ordinary expenditures, and make your payments directly on the spot. When cash is deposited in a bank, a regular Leger account should be kept with it, debiting it for deposits, and crediting it for sums withdrawn.

One detailed and one summary account of a transaction is generally sufficient. Hence the entries in the Cash-book should be so full that no fuller minute of the same transaction need be made in any other book.

The sums entered in the money columns must be those actually received or paid. In cases of discount, interest, premium, loss, &c., the original amount is to be short-extended,

the deduction or addition given immediately below, and the sum or difference full-extended, as in the entries under July 10th and September 4th.

When cash is paid on account of shipments in company, you write in the reference column the page of the Day-book where the whole transaction is mentioned, inclosing the figure in parentheses, to distinguish it from those referring to the Leger accounts, as in the entries under July 31st and October 30th.

It sometimes happens that you pay charges partly on your own, and partly for commission goods. In such cases you must apportion the outlay according to the amount paid for each kind of goods. If the charge is mostly on account of your own goods, and no additional expense is incurred on account of the others, you should charge the whole to your own goods. If it is mostly on account of the commission goods, and no additional expense is incurred on account of your own, you may charge the whole to the former.

When you enter a sale or purchase of merchandise, on your own account, you write an *M* (for *Merchandise*) in the reference column. So when you pay charges on your own goods, such as postage, cartage, clerk hire, &c. At the end of the week, supposing the book to be balanced weekly, you find the sum of all such entries, on each side, for the week. Then immediately below the last of the weekly entries, you write *Mdse. this week*, and short-extend the respective amounts. At the same time you find the gross receipts of the week by subtracting the cash on hand at the beginning from the whole amount of the Dr. column. Then below the former entry you write *Receipts of the week*, and short-extend the amount. You then find the gross expenditures of the week from the Cr. column; write *Expenditures of the week*, and short-extend the amount, as before. Where the book is balanced monthly, the word *month* will supersede *week*, as in the following examples.

In the case of daily posting, the receipts and expenditures can be entered in a similar manner on the last day of every

## THE CASH-BOOK.

month ; and the receipts and expenditures for Merchandise can also be entered monthly, as in the ensuing examples.\*

In entering money paid or received on account of bills, you must always employ such terms as will clearly show *on whose account* the money is paid, so that you may know whom to credit or debit when you come to post the entry. In that under July 10th, for instance, the money was actually paid to Henry Horton and Co., but you are no more to debit them for the amount than if you had given them a thousand dollar bill for the same amount in small notes. They receive the money: but their draft orders their Boston correspondent to pay the amount to your creditors; and therefore *these* are the persons to be debited for the amount of the draft.

It is the custom with some to write cash entries in such a manner that the titles of the Leger accounts into which they are to be posted shall stand first. This plan is objectionable, because it requires a person to stop and think, before making the entry: and hence, amid the hurry of business, when little time is often allowed, he is apt to make serious mistakes. It is better to enter all the circumstances which are of any moment, in clear and precise terms, without being particular as to the very words employed, or the order in which they stand. When the time comes for posting, the book-keeper is at leisure, and having the facts of the case clearly laid down, he can carefully consider how the entry is to be posted.

In the first Cr. entry in the following examples, you find a statement of the particular items paid on account of the consignment, and in the next entry, you find only the total amount given. The reason for this difference is that the former are

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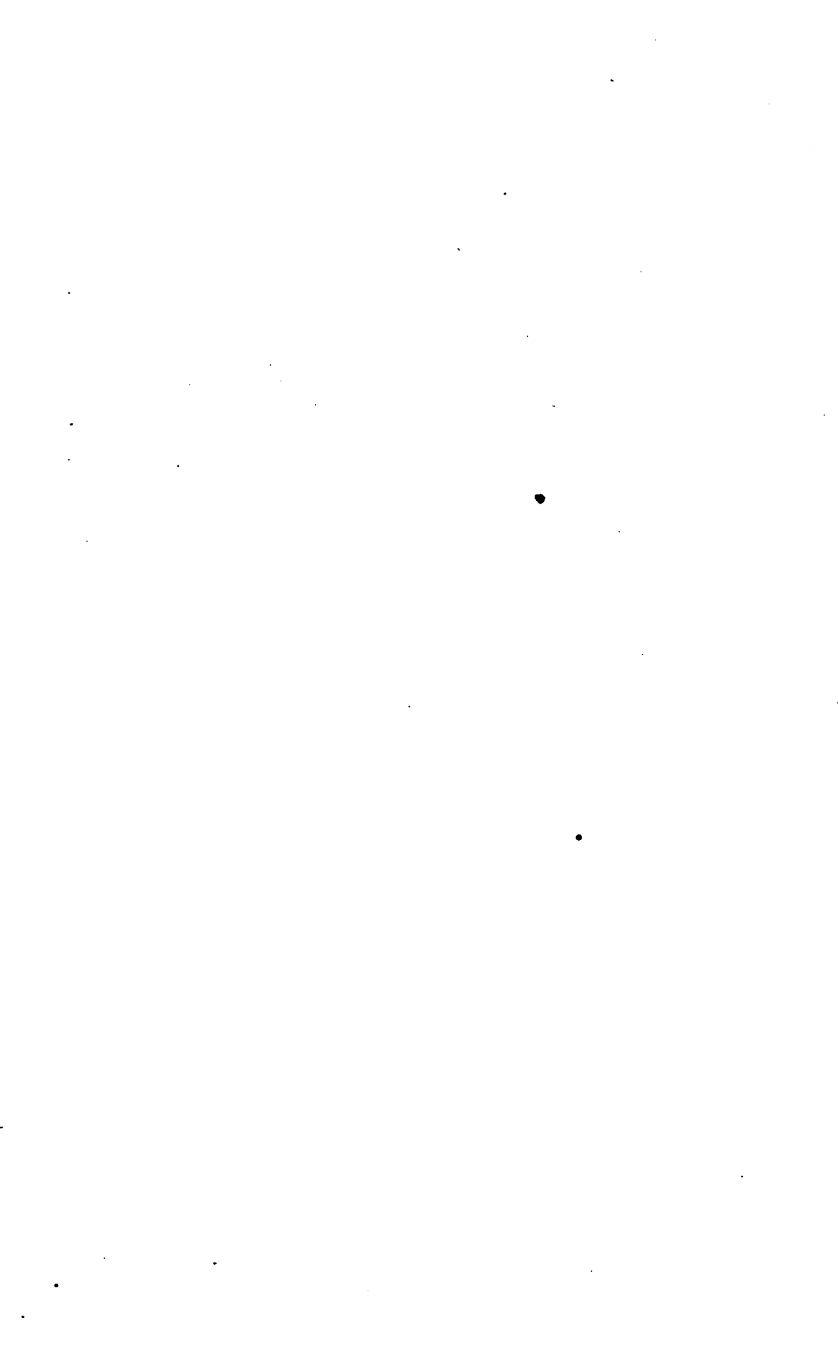
\* The object of thus entering receipts and payments collectively, is to abridge the Leger accounts of *Cash* and *Merchandise*. Hence where no such accounts are kept in the Leger, those processes will be unnecessary; and the Cash-book can be kept as directed in Part II. In cases of weekly balancing, the receipts and expenditures may be entered only at the end of every four weeks, if the book-keeper prefer this plan.

## MERCHANTS' BOOK-KEEPING.

commission goods, and therefore the particulars must be preserved for the satisfaction of the consigners. In the latter case, the goods belong to the firm, and they do not care to enter the particulars.

In the Dr. entry under August 11th you find that the note received from Horton and Burgess is called a bill *payable*, whereas it was originally a bill *receivable*. But you will observe that the exchanging of notes with H. & B. was merely a means of furnishing the bank with indorsers. Had L. & Co. given the note to H. & B., the latter returned it to them indorsed, and they had then discounted it, the obligation to the bank would have been precisely the same as in the present case. The note is therefore properly called a bill *payable*, because L. & Co., and not H. & B., have to pay the amount at maturity.

In the Cr. entry under July 31st you find the reference figure within parentheses. This indicates that it refers, not to the Leger, but to the Day-book. You give such a reference whenever you make an entry that is so connected with a Day-book transaction that it has to be posted from this book, and not directly from the Cash-book.





		CONTRA;		
1848		Cr. by		
July	1	4	Charges on Johnson & Bros.' consignment, viz. Duty, 30 per cent., <i>ad valorem</i> , .....\$3165.75 Freight, primage & wharfage, .....33.60 Cartage, .....75 Custom-house fees, .....1.25 Postage, .....29	3,201 64
	5	M	Charges on mdse. from Lee & Co., .....	38 40
	"	8	Discount allowed S. Dewitt, for damaged goods, .....	6 —
	7	5	Israel Hinton, for store furniture, .....	217 84
10		5	Draft in fav. of Lee & Co. on S. Bradford, at 3 days' sight, bot. of Henry Horton & Co., .....\$5420.39	
		9	Premium, $\frac{1}{4}$ per cent., .....13.55	5,433 94
	"	5	Lee & Co. paid Jacob Winant, bal. of their acct. as per advice, .....	1,553 89
20	M		Frederic Horner, for blanks and stationery, Standish & Winthrop, for their draft, at sight on Hinton & Son, payable to the order of Bishop & Co., in full for our half of Brig Blackbird, .....\$4000.00	12 45
21		5	Premium, $\frac{1}{4}$ per cent., .....20.00	4,020 —
24	2		J. & D. Wood, for repairing the Blackbird, .....	248 75
29	M		David Chandler's bill, for store expenses, ....	17 23
31	(1)		Charges on shipment to Havana, Co. A., ....	92 48
"	1		Mdse. this month, .....\$68.07	
"	1		Expenditures of the month, .....\$14,842.61	
"			Balance, to next month, .....	1,054 44
				15,897 05
Aug.	2	2	Outfits of Blackbird, .....	365 82
	7	M	Charges on cloth, per Hopewell, .....	117 57
	9	6	Do. on shipment to Charleston, .....	43 21
Amount carried over, .....				526 60



		C O N T R A ;			
1848		<i>Cr. by</i>			
		Amt. brought over, .....	526	60	
Aug. 11	3	Giles & Co. lent for 1 mo., .....	200	—	
"	2	James Trusty, Capt. of the ship Unicorn, on his bottomry bond, (B. R. No. 4,) to be repaid, with 10 per cent. premium, to Johnson & Bros., Liverpool, 20 days after the arrival of his ship at that port, .....	1,500		
"	4	Charges on C. to Walter Gibson, viz. Shipping expenses, .....\$14.25 Postages, ..... 0.20 Insurance on \$2,479, at 1 per cent., and policy, \$1.25,..... 26.04	40	49	
15	8	Discount on uncurrent and foreign money, paid Henry Horton & Co., .....	2	41	
16	6	Charges on McAlpin & Baird's C. viz. Duty, 30 per cent. <i>ad val.</i> , on £526.60, .....\$764.19 Custom-house fees, ..... 1.25 Freight, &c., ..... 12.44 Cartage, ..... .50 Postages, ..... .58	778	96	
"	M	Advertising mdse., .....	5	50	
17	4	Advertising Johnson & Bros.' C., .....	4	25	
"	6	Charges on Mdse. Co. B., .....	156	21	
18	3	James Ferguson, on private acct., .....	150	—	
23	M	Prints, bot. at auction from J. Winant, 4 boxes, 3612 yds. at 7 cts., .....	252	84	
"	6	Postages, for Mdse. Co. B., .....	40		
25	6	Cartage and shipping, for do., .....	5	25	
31	6	Postage, for ship't to Charleston, .....	20		
"	1	Mdse. this month, .....\$375.91			
"	1	Expenditures of the month, .....\$3,623.11			
"		Balance, to next month, .....	8,295	13	
			11,918	24	

		C A S H ;	
1848		<i>Dr. to</i>	
Sept. 1		<i>Balance</i> , on hand, .....	8,295 13
" 6		Marine Ins. Co. amt. insured on shipment to Charleston, .....	3,400 —
2	M	3 pieces linen, 75 yds. at 45 cts., ..... \$33.75	
		2 " black cassimer, 62 yds., at \$2.75, ..... 170.50	
		1 piece " cloth, 28 yds., at 4.50, ... 126.00	330 25
4	2	B. R. No. 3. Face of the note, ..... \$626.10	
	9	S. Dewitt having failed, we have lost 40 per cent., ..... \$250.44	
		Received bal., .....	375 66
11	3	Giles & Co. loan of 11th ult., in full, .....	200 —
16	4	Galen Otis, bal. for Johnson & Bros.' goods, ..	5,000 —
20	3	Van Norden & Ziegler, to acct. of E. Lawrence, amt. of a note due him this day, ....	554 50
28	8	John Pierson, for renewal of his note, (B. R. No. 6.) for 60 days, due Nov. 30. Received discount, .....	10 24
30	1	Mdse., this month, ..... \$330.25	
" 1		Receipts of the month, ..... \$9,870.65	
			18,165 78
Oct. 1		<i>Balance</i> , on hand, .....	16,191 05
7		B. R. No. 11. Discounted at the New York Bank, N. Stewart's note, due Nov. 29th.	
	2	Face of the note, ..... \$3,283.00	
	8	Less discount, ..... 33.83	
		Received bal., .....	3,249 17
" M		Joshua Barr, Geneva, for 2 boxes prints, 3000 yds., at 12 cts., ..... 360 —	
11	(3)	E. Dubure, bal. owing us on B. R. No. 7, ....	138 68
		Amount carried over, .....	19 938 90

		C O N T R A ;			
1848		<i>Cr. by</i>			
Sept.	2	4	Postage, for Pezron & Co.,.....	45	
	5	7	" " Adv. to Hamburg, Co. B,.....	39	
	"	7	" " Mdse. Co. B., No. 2, .....	35	
	9	7	Charges on ship. to New Orleans,.....	43	25
	18	7	Duty on Mdse. Co. B, No. 2, 20 per cent. <i>ad</i> <i>val.</i> on \$8,750. ....\$1,750.00		
			Custom-house fees, for do., .....\$1.50	1,751	50
	"	3	Peter Stephens, on private acct.,.....	50	—
	"	9	Loss on counterfeit \$5 note,.....	5	—
	20	7	Charges on Mdse. Co. B, No. 2; viz. Freight, primage, and wharfage,....\$34.80		
			Cartage, ..... 1.00		
			Advertising, ..... 2.30		
			Postages, ..... .69	38	79
	23	9	Subscription for sufferers by Brooklyn fire,...	10	—
	30	3	James Ferguson, on private acct.,.....	75	—
	"	1	Expenditures of the month, .....\$1,974.73		
	"		<i>Balance</i> , to next month, .....	16,191	05
				18,165	78
Oct.	2	4	Postage for shipt. to Pezron & Co.....	54	
	"	3	Elijah Lawrence, on private acct., .....	100	—
	5	4	Pezron & Co. paid for their honor to Benson & Smith, their draft on James Desnoyers, due this day, and protested for non-payment.	1,750	50
	"	3	James Ferguson, on private acct.,.....	80	—
	7	10	Shipping charges and postages on consign- ment of flour to Johnson & Bros.,.....	245	—
	11	8	New York Bank, paid for renewing B. P. No. 5, for 30 days, due Nov. 16th, discount on \$5,000 for 33 days, .....	32	08
				Amt. carried over, .....	2,208 12

		C A S H ;	
1848		<i>Dr. to</i>	
		Amt. brought over, .....	19,938 90
Oct. 16	7	Wickham and Denny, for Mdse. Co. B, No. 2 sold to them at auction, 4 cases linen, 4,000 yds., at 65 cts., .....	2,600 —
18	(4)	P. Linares' draft at sight, on M. Herrera, for net proceeds of shipt. to Havana, Co. A....	2,138 40
"	M	1 piece cassimer, 30 yds. at \$2.45, .....	73 50
20	2	Capt. W. Traill, for net freight of Blackbird.	655 —
23	7	Hiram Beakes, Honesdale, for Mdse. Co. B. No. 2, 4 cases linen, 4,000 yds., at 67 cts., ..	2,680 —
31	1	Mdse., this month, .....	\$433.50
"	1	Receipts of the month, .....	\$11,894.75
			<u>28,085 80</u>
Nov. 1		<i>Balance, on hand, .....</i>	22,230 17
5	7	William McAlister, for Mdse. Amt. of his bill, .....	\$413.00
	8	Allowed him 1 mo.'s discount, .....	2.41
		Received bal., .....	410 59
16	(5)	New York Bank, bal. due for G. Otis' note, B. R. No. 8, .....	524 76
20	2	Moses Patterson, bal. due on his note, B. R. No. 5, .....	492 84
23	2	B. R. No. 9. Face of the note, .....	\$2,073.50
		S. Hasty having failed, there has been lost on the above note, to acct. of McA. & B.'s Con., .....	73.50
		Received from his assignees, bal., .....	2,000 —
29	10	John McGregor, in full for linen, .....	740 —
30	2	John Pierson, amt. of his note, (B. R. No. 6,) due to-day, .....	877 50
"	1	Receipts of the month, .....	\$5,045.69
			<u>27,275 86</u>

		CONTRA;	
		Cr. by	
1848		Amount brought over, .....	2,208 12
Oct. 16	7	Comm'n paid on Mdse. Co. B, No. 2, sold at auction, 3 per cent on \$2,600, ..... \$78.00	
		Cartage of do., ..... 1.00	79 —
"	M	Store expenses .....	5 22
21	9	Postage, on a letter from Johnson & Bros., ....	29
23	1	Benson and Smith, B. P. No. 6, due this day,	3,500 —
"	6	Charges on ship, to Boston, on acct. of Mdse. Co. B, .....	42 25
"	7	Charges on Mdse. Co. B, No. 2, sold H. Beakes, .....	2 75
30	(4)	Do. on acct. of Adv. to Marseilles, Co. C,	18 —
31	1	Mdse., this month, ..... \$5.22	
"	1	Expenditures of the month, ..... \$5,855.63	
"		Balance, to next month, .....	22,230 17
			<u>23,085 80</u>
Nov. 1	M	Store expenses, .....	6 45
10	2	Outfits of Blackbird, .....	270 86
15		Brooks and Lazear, in full for goods on acct. of Co. A. Amt. of their bill, ..... \$459.20	
	5	Interest on do. for 15 days, 1.33	460 53
27	3	Peter Stephens, on private acct., .....	50 —
30	1	Mdse., this month, ..... \$6.45	
"	1	Expenditures of the month, ..... \$787.84	
"		Balance, to next month, .....	26,488 02
			<u>27,275 86</u>

		CASH;	
		Dr. to	
1848			
Dec. 1		Balance, on hand, .....	26,488 02
2	M	Wickham & Denny, for 1 box prints, 1020 yds., at 10 cts., .....	102 —
11	2	B. R. No. 14. Amt. of D. Cozzens' note, due this day, received from him, .....	2,259 60
23	2	Joshua Osborne, amt. of his note (B. R. No. 2), due Nov. 4th, .....	\$164.00
	8	Interest on do. for 49 days, .....	165 56
"	M	Wells & Ansted, for 1 piece cloth, superfine black, 35 yds., at \$4.25, .....	148 75
"	2	B. R. No. 8. Face of the note, .....	\$336.00
"	9	Lost on do. through T. F. & Son's insolvency, .....	235.20
		Received bal., 30 per cent., from their assignees, Marine Ins. Co. for expense incurred in repairing Blackbird, on her voyage to Ha- vana, .....	100 80
30	2		227 —
"	1	Mdse., this month, .....	\$250.75
"	1	Receipts of the month, .....	\$3,003.71
			<u>29,491 73</u>
1849			
Jan. 1		Balance, on hand, .....	20,082 88

		CONTRA;			
1848		<i>Cr. by</i>			
Dec.	5	1	Marine Ins. Co. for B. P. No. 2, due this day,	161	25
	9	1	Our bond to the Custom-house (B. P. No. 3,) due to-morrow, .....	2,148	29
		M	Store expenses, .....	10	55
	18	6	Postage, on acct. of McAlpin & Baird, .....	—	58
	26	6	Do. " " " Mdse. Co. B., .....	—	10
	27	7	Do. " " " Adv. to Hamburg, Co. B., .....	—	65
	29	10	Draft, at sight, on Baring, Bros. & Co., in fav. of Johnson & Bros. for £1,180.13.10½ stg., exch. at 10 per cent., bot. of Henry Horton & Co., .....	5,772	28
		10	Postage, on acct. of J. & B., .....	—	58
	30	M	Peter Stephens, 2 quarters' salary, at \$125, .....	\$250	00
		8	Int. on 1 qr.'s sal'y for 3 mos., 2.19	252	19
		5	Benson & Smith, bal. due for their half of net proceeds of ship. to Havana, Co. A., .....	852	38
		M	Blankets, paid bal. to Daniel Cozzens, .....	210	—
		1	Mdse., this month, .....	\$470	55
		1	Expenditures of the month, .....	\$9,408	85
			Balance, to next month, .....	20,082	88
				29,491	73

### Section III. The Purchase-book.

Transactions belonging to this book—Invoices of foreign goods must be copied—What sums are to be full-extended—Bill transactions belonging to this book—Examples.

In this book are recorded all transactions by which you become owner of goods, with the exception of cash purchases. Goods received to be sold on commission are not entered here, but in the Memorandum-book, because they form no part of your own merchandise, and you do not owe the consigner for them till they are sold. Other property purchased, such as houses, stocks, ships, &c., are entered in the Day-book, for a reason that will appear hereafter.\*

It is best to describe the transactions in ordinary language, for the reason stated in the preceding section.

In entering foreign goods, you must copy all the particulars that require to be remembered, as the invoices are filed at the custom-house. But in entering other goods, it is not necessary to copy all the particulars, as you can afterwards refer to the invoice, if necessary. To facilitate this, the invoices you retain should be all numbered, and referred to by their respective numbers.

You enter in the money columns only the cost of the goods, including charges, and excluding sums credited to Mdse. in the Cash-book. When you pay cash for the balance of the purchase money, you briefly minute the fact, so that the nature of the transaction may appear, without your being obliged to consult the Cash-book.

When you give a note, or accept a draft, for goods at the time they are purchased, you enter the particulars in this book.

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\* As the money columns are to be added up at certain periods, or in technical phrase *footed*, it is best not to run the dividing lines through them. The same remark applies to the Sales-book.

## THE PURCHASE-BOOK.

But the amount must not be full-extended: for in that case the sum of the money columns would not exhibit the amount of your purchases, and much unnecessary trouble would be caused in posting. The Purchase-book contains entries of those bill transactions only for which the account of *Merchandise* is to be debited in the Leger. Those for which some personal account is to be debited are entered in the Day-book. Thus if you purchase goods for a note, you enter the particulars of the note in this book: for in that case *Mdse.* is to be debited. But if you purchase goods on book account, and afterwards give the seller a note for the amount, the transaction is to be entered in the Day-book, since *Mdse.* has been already debited for the cost of the goods, and the seller's account alone is now to be debited. The object of this arrangement is, to enable you to find the cost of all the merchandise you have purchased, exclusive of cash purchases, by merely adding up the money columns of the Purchase-book, so that you can post the items belonging to the Leger account without any difficulty, a thing which you could not do unless your Purchase-book showed the amount of all purchases not for cash exclusively. These, as we have seen in the preceding section, are entered collectively in the Cash-book.

Goods given in exchange need not be particularly described, as they are entered at length in the Sales-book: but you give a reference to that book, as in the entry under July 20th.

At the end of every month, or every three months, you add up the money columns, write *Mdse. Dr. to Sundries, for one month, or three months*, if you add up only at the end of every quarter. The object of such an entry is to facilitate the posting into the *Mdse.* account.\*

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\* Throughout the ensuing pages, C. is used as an abbreviation for Cash-book, P. for Purchase-book, S. for Sales-book, A. for Agency Sales-book, and D. for Day-book.

New York, July 1st, 1848.

3	Received from Elijah Lawrence, to acct. of Stock, mdse. as per Invoice No. 1, . . .	7,890	45
	— " —		
3	Received from James Ferguson, to acct. of Stock, mdse. as per Invoice No. 2, . . .	2,140	—
	— 5. —		
5	Rec'd from Lee & Co., Lowell, per Blackbird, Traill, sundry cotton goods, as per Invoice No. 3, . . . . .	6,974	28
	— 13. —		
	Bought from Charles Olmsted, at auction, 26 pieces muslin, 654 yds. at 16 cts., \$104.64 22 " do. 510 " at 20 cts., 102.00 30 " do. 1120 " at 32 cts., 358.40	565	04
1	Gave our note for the amt., at 90 days, (B. P. No. 1,) due Oct. 14th.		
	— 20. —		
S. 1	Received from John MacGregor, Pearl Street, in part for linen, 1 bale black cassimer, 740 yds. at \$2.75, . Bal. in cash.	2,035	—
	— August 7th. —		
	Received from Pezron & Co., Havre, per Hope- well, Turner, 3 bales cloth, superfine black, 1,440 yds. at 26.32 francs, . 37,900.80 fr. Charges, . . 1,838.88		
	39,739.68 fr.		
4	amounting, exch. at 19 cts., to . . . .	7,550	53
	Gave our bond to the Custom-house, at 4 mos., (B. P. No. 3,) due Dec. 10th, for duties on		
1	the above, 30 per cent. <i>ad val.</i> , . . . .	2,148	29
	— September 30th. —		
1	Mdse. Dr. to Sundries, for 3 mos., . . . .	29,303	59

October 2d, 1848.

A.	Received from Ansted & Wells, for Co. B, No.	
1	2 goods, 20 boxes prints, Nos. 1 to 20, as per Invoice No. 7, 30,000 yds., at 10 cts.,	3,000—
	November 20th.	
	Received from Moses Patterson, in part, for his note (B. R. No. 5,) due this day,	
2	1000 yds. cotton shirting, at 8 cts., . . . .	800—
	Bal. in cash.	
	December 16th.	
	Bought at auction, from Halsted & Brown, Peck's slip, on 3 mos.' credit, 420 yds. muslin, at 40 cts., . . . . .	168—
	23.	
10	Bought from John MacGregor, on 2 mos.' credit, 320 yds. gingham, at 25 cts., . . .	80—
	30.	
	Bought from Daniel Cozzens, 120 pairs English blankets, at \$3.50, \$420.00	
	Gave our note at 60 days, (B. P. No. 9,) due 3d March, 1849, for half the amt., . . .	210—
	Bal. in cash.	
	"	
1	Mdse. Dr. to Sundries, for 3 mos., . . . .	4,258—

## Section IV. The Sales-Book.

What entries belong to this book—Bill transactions belonging to it—Mode of proceeding when you sell your own and commission goods at the same time—Examples.

IN this book are entered all transactions whereby you have ceased to be the owner of goods, or whereby your own goods have passed from under your immediate control, with the exception of cash sales. Such are ordinary sales, on bills or book account, cases of goods taken by partners, losses by fire, and goods sent off to be sold on your account.

You describe the transactions in ordinary language, and full-extend only the price of the goods, exclusive of any sum which may belong to the Cash-book. When cash is received in part, you make a brief minute, for the reason stated in the preceding section.

This book records only those bill transactions for which the Leger account of *Merchandise* is to be credited. Bill transactions for which some personal account is to be credited, are entered in the Day-book. Thus if you sell goods on a note, you enter the particulars in the Sales-book: for in this case *Mdse.* is to be credited for the amount. But if you sell goods on book account, and the purchaser afterwards gives you a note for the amount, you enter the transaction in the Day-book: for in this case the *purchaser* is to be credited, and not *Mdse.* The reason for this may be understood from what was said above.

Goods received in exchange need not be particularly described, as that is done in the Purchase-book: but you always give a reference to the page of this book, in the column reserved for references to the Leger, as in the entry under July 20th.

When you sell your own and commission goods at the same time, for a note, or sundries, you do not enter the particulars of what you receive in this book, but in the Agency Sales-book,

## THE SALES-BOOK.

to which you will give a reference, in the column for references to the Leger, as in the entry under Oct. 4th.

At the end of every month, or quarter, you add up the money columns, and opposite the sum total write *Mdse. Cr. by Sundries, for one month, or three months.*

New York, July 1st, 1848.

2	Sold Joshua Osborne, Brooklyn, for his note at 4 mos., (B. R. No. 2,) due Nov. 4th, 2 boxes calico prints, 1,728 yds. at 9½ cts.,	164	—
	3.		
2	Sold Simon Dewitt, Broadway, 6 pieces black cloth, 211 yds., at \$5.10, \$1,076.10 Received his note, (B. R. No. 3,) at 60 days, due Sep. 4th, . . . . . Bal. in cash.	626	10
	20.		
P. 1	Sold John MacGregor, Pearl Street, partly for cash, and partly for cassimer, 5 cases linen, 5,558½ yds. at 40 cts., \$2,223.50 Deduct cash received, . . 188.50	2,035	—
	31.		
D. 1	Took to acct. of shipment to Havana, Co. A, 22 pieces ¾ prints, 512 yds., at 12 cts., \$61.64 20 " ¾ do. 460 " at 10 cts., 46.00 26 " ¾ muslin, 654 " at 16 cts., 104.64 22 " ¾ do. 510 " at 20 cts., 102.00 30 " ¾ do. 1120 " at 32 cts., 358.40	672	48
	August 9th.		
6	Shipped per Neversink, Allen, consigned to Isaiah Porter, Charleston, to be sold on our acct., 1 bale black cloth, 610 yds. at \$5.60. . . .	3,416	—
	11.		
4	Shipped per Triton, Howell, by order and on acct. of Walter Gibson, New Orleans, and to him consigned, 1 bale cloth, superfine black, 12 pieces, 370 yds., at \$6.70, . . . . .	2,479	—

August 26th, 1848.

2	Sold John Pierson, Poughkeepsie, on his note, at 30 days, (B. R. No. 6,) due Sep. 28th,		
	2 cases linen, 1,950 yds., at 45 cts., . . .	877	50
29.			
10	Sold John MacGregor, on 3 mos.' credit,		
	2 cases linen, 1850 yds., at 40 cts., . . .	740	—
September 5th.			
7	Sold to William McAlister, Kingston, on 3 mos.' credit,		
	4 pieces blue cloth, 130 yds., at \$5.10, . .	413	—
9.			
7	Shipped per Dolphin, Hunter, for New Orleans, consigned to Walter Gibson, to be sold on our acct.,		
	2 boxes cottons, and 1 bale cloth, containing as follows:		
	Box No. 1,		
	20 pieces $\frac{7}{8}$ prints, 470 yds., at 12 cts.,	\$56.40	
	28 " $\frac{1}{4}$ do. 626 " at 15 cts.,	93.60	
	Box No. 2.		
	30 pieces $\frac{1}{4}$ muslin, 956 yds., at 20 cts.,	191.20	
	28 " $\frac{1}{4}$ do. 830 " at 31 cts.,	257.30	
	1 bale cloth, superfine blue,		
	20 pieces, 712 yds., at \$5.90, . . .	4,200.80	4,779 30
12.			
2	Sold Thos. Faithless & Son, Sangerties, for their note, at 60 days (B. R. No. 8,) due Nov. 14th,		
	38 pieces linen, 840 yds., at 40 cts., . . .	336	—
22.			
7	Sold H. Cramp, Poughkeepsie, on 3 mos.' credit,		
	1 box prints, 902 yds., at 10 cts., . . .	90	20
25.			
7	Sold Chas. Hammersmith, Newburg, on 3 mos.' credit, 1 piece cassimer, 32 yds., at \$2.25,		
	"	72	—
8	Sold William Fleece, Nyack, on 1 mo.'s credit,		
	4 pieces muslin, 112 yds., at 18 cts., . . .	20	16

September 30th, 1848.

1	Mdse. Cr. by Sundries, for 3 mos., . . . .	16,720	74
October 4th.			
A.	Sold John Pinel, Utica, for sundry notes,		
4	boxes prints, Nos. 17 to 20, as per Invoice,		
1	No. 7, 6,000 yds. at $12\frac{1}{2}$ cts., . . . .	750	—
9.			
A.	Sold Andrew Lewis, Buffalo, for a note,		
2	1 box prints, 1010 yds., at 12 cts., . . . .	121	20
November 5th.			
	Sold William McAlister, on 3 mos.' credit,		
7	500 yds. prints, at 10 cts., . . . .	50	—
December 30th.			
1	Mdse. Cr. by Sundries, for 3 mos., . . . .	921	20

## Section V. The Agency Sales-Book.

Entries belonging to this book—Bill transactions—Objection to keeping the book in Leger form—Examples.

IN this book are entered all sales of goods sold on commission, whether exclusively on account of others, or partly on your own account, as when you are sales' agent in a joint speculation.

You enter in this book bill transactions on account of sales which have not been already debited to the purchaser. But if a person should give his note, or accept your draft, for goods which have been already debited to him, the transaction is to be recorded in the Day-book. If you receive bills partly for your own, and partly for commission goods, which have not been debited to the purchaser, you enter the transaction at length in this book, as formerly directed, giving a reference to the page of the Sales-book containing the entry of your own goods sold at the same time, as in the following examples under Oct. 4th and 9th.

When cash is received for the balance of an account, you make a brief minute, as directed above.\*

The Agency, or Commission Sales-book is often kept by opening an account for each consignment, crediting it for the proceeds of sales, and debiting it for outlays, like a Leger account.

This plan saves some trouble in making out the Accounts Sales: but it causes much more previously, by forcing the book-keeper to make two entries where otherwise one would suffice; and therefore it has not been adopted in this work, which aims at discarding every plan that imposes useless labor.

In this book and the Day-book, the lines separating one entry from another may be run through the money columns, as every sum has no particular connection with the preceding.

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\* When you receive goods in exchange, you proceed as directed in the two preceding sections. See entry under Oct. 2d.

New York, August 19th, 1848.

$\frac{2}{6}$	Sold Moses Patterson, Newark, of Mdse. Co. B, 50 bales cotton, Nos. 1 to 50, as per Invoice No. 4, 20,844 lbs. at 11 cts., . . . . .	2,292 84
	Received his note, at 90 days, (B. R. No. 5), due Nov. 20th, . . . . . Bal. in cash.	1,292
September 15th.		
$\frac{2}{6}$	Sold Samuel Hasty, Albany, of McAlpin & Baird's C., Bale No. 1, black cassimer, 754 yds., at \$2.75, . . . . .	2,073 50
	Received his note in full, at 60 days, (B. R. No. 9,) due Nov. 17th.	
16.		
$\frac{2}{4}$	Sold Galen Otis, Buffalo, of Johnson & Bros.' C., 3 bales black cloth, viz.: No. 1, 20 pieces, 840 yds., at \$4.50, \$3,780.00 " 3, 19 " 704 " at \$4.75, 3,340.00 " 4, 20 " 805 " at \$4.25, 3,421.25	10,545 25
	Received Charles Adams' note, indorsed by him, (B. R. No. 10,) due Dec. 4th, . . . . . Bal. in cash.	5,545 25
27.		
$\frac{2}{4}$	Sold to Niel Stewart, Albany, bal. of Johnson & Bros.' C., Bale No. 2, blue cloth, 22 pieces, 670 yds., at \$4.90, . . . . .	3,283 —
	Received his note in full, at 60 days, (B. R. No. 11,) due Nov. 29th.	
October 2d.		
$\frac{2}{7}$	P. Sold Wells & Ansted, Broad Street, for prints, of Mdse. Co. B, No. 2, 5 cases linen, Nos. 1 to 5, 5000 yds., at 60 cts., . . . . .	3,000 —
	4.	
7	Sold John Pinel, Utica, of Mdse. Co. B, No. 2, 5 cases linen, Nos. 6 to 10, 5000 yds., at 65 cts., Received for the above, and our own goods, sold	3 250 —

October 4th, 1848.

	at the same time, (S. p. 3.)		
	G. Hughes' acceptance of P. Vieyra's draft in		
	fav. of J. P. at 10 days' sight, (B. R. No. 12.)		
2	due 12th inst., . . . . .	\$3,428.55	
	Our note to Chas. Olmsted, (B. P.		
1	No. 1,) due Oct. 14th, . . . . .	565.04	
	His own note for bal., at 60 days,		
2	(B. R. No. 13,) due Dec. 6th, . . . . .	6.41	4,000 —
	9. —————		
	Sold to Andrew Lewis, Buffalo, bal. of McAlpin		
	& Baird's C., viz. bale No. 2, black cassimer,		
6	22 pieces, 792 yds. at \$2.70, . . . . .	2,138	40
	Received in full for the above, and our own		
	goods sold at the same time, (S. p. 3.) Daniel		
2	Cozzens' note, indorsed by A. L. (B. R. No.	2,259	60
	14,) due Dec. 11th, . . . . .		
	30. —————		
	Took to account of Adventure to Marseilles,		
	Co. C, at market price, bal. of Mdse. Co. B,		
D.	viz. 100 bales cotton, Nos. 201 to 300, as per		
4	Invoice No. 4,		
6	40,780 lbs. at 8 cts., . . . . .	3,262	40
	December 26th. —————		
	Received from Luther Stryker, A. S. of 100		
	bales cotton, consigned to him per Phineas,		
2	to be sold on acct. of Mdse. Co. B. Net pro-		
6	ceeds, . . . . .	3,970	45
	Received his draft for the amt. on Genung and		
	Farnam, at 30 days' sight, duly accepted, (B.		
	R. No. 16,) due 28th January, 1849.		

## Section VI. The Day-book.

Transactions belonging to this book—When you repeat what has been recorded elsewhere—Difference between the present Day-book and those exhibited in other treatises—Examples.

IN this book is entered every transaction belonging to none of the preceding books, whereby a debt has been contracted or discharged, or any sum is to be debited or credited to some Leger account, which does not clearly appear from any of the other books. Such are purchases and sales of other property besides Merchandise, purchases and shipments of goods on commission, bill transactions which are to be entered to some personal account in the Leger,\* money due on contracts, exclusive of purchases and sales, charges for commission or interest, &c.

The general rule is that this book contains entries only of transactions not recorded in any of the other books. To this some complicated transactions occasionally form an exception. For where much labor can be saved by so doing, you give a summary view of the whole transaction in the Day-book, although parts may have been recorded in some of the other books, as in the examples under July 31st and October 30th. In all such cases you write in the reference column of the other books the page of the Day-book where the whole transaction is recorded, and either inclose the figure within parentheses or prefix a D, for the sake of distinction, so that these figures may not be confounded with those referring to the Leger. Again, when it appears from a Day-book entry that a debt has been contracted, and at the same time something has been done to liquidate it, a particular account of which belongs to one of the other books, you briefly mention the fact in the Day-book, that, when you come to post, you may not charge an account with a

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\* When you indorse an accommodation note, you only minute the circumstances in the Memorandum-book.

# THE DAY-BOOK.

debt which has been discharged, nor be obliged to refer to several other books to know whether this is the case. See, for instances, the entries under Oct. 11th and 18th.

The Day-book is not essentially different from the books described in the preceding sections; and the five are merely co-ordinate parts of one whole. The learner must not suppose from the title that it is a general record of all transactions, like that in Section I., as is the case with the Day-books that appear in most treatises on Double-entry Book-keeping. It might more properly be called the *Supplementary Book*; but I prefer retaining a common term, which is more brief, and more conveniently referred to in the Leger. Several of the latter entries are derived from this book, as explained towards the end of Section VIII.

## 1

New York, July 1st, 1848.

2	Received from James Ferguson, to acct. of stock,		
3	Kinnear & Co.'s note in his favor, indorsed to him, (B. R. No. 1,) due 15th inst., . . . .	3180	55
	14.		
2	Purchased from Bishop & Co., Boston, one half of the brig Blackbird, the other being bought by Walter Gibson, New Orleans, we to have the management, as per agreement with the latter.		
5	The price of our half is . . . . .	4000	—
	31.		
	We have advanced on acct. of shipment to Havana, Co. A, in goods (S. p. 1), . . . .	672	48
	Purchased from Brooks & Lazear, on 3 mos.' credit, on acct. of the Co.,		
	38 pcs. $\frac{3}{4}$ blue gingham, 1120 yds. at 20 cts., \$224.00		
5	32 " $\frac{1}{4}$ pink do. 840 " at 28 cts., 235.20	459	20
	We have paid charges, (C. fol. 1,) . . . . .	92	48
2	Due the brig Blackbird, for freight, . . . .	20	—
	Benson and Smith have advanced		

July 31st, 1848.

	20 pieces $\frac{1}{4}$ cambric, 500 yds, at 40 cts., \$200.00	
	22 " $\frac{1}{4}$ do. 510 " at 50 cts., 255.00	
	10 " $\frac{1}{4}$ prints, 250 " at 20 cts., 50.00	505 —
8	Our commission, 2 per cent. on \$1749.16, is	34 98
		1,784 14
5	Our half is	892 07
5	Benson & Smith owe us for their deficiency,	387 07
	August 2d.	
	Insured \$8000 on the Blackbird with the Marine Ins. Co. Premium 2 per cent. Policy \$1.25.	
2	Gave our note to the Company for the amt.,	
1	at 4 mos. (B. P. No. 2,) due Dec. 5th,	161 25
	9.	
	Accepted Pezron & Co's draft on us, in favor of Emile Debure, at 60 days' sight, (B. P. No. 4,) due Oct. 11th,	7,399 04
4		
1	11.	
4	Walter Gibson owes us for com'n on shipment to him of this date, $2\frac{1}{2}$ per cent. on \$2519.49,	62 99
8		
	17.	
6	We owe Walter Gibson for one-third of consignment of cotton, per Seagull, on acct. of Co. B.,	3,042 61
4		
	September 1st.	
	The total loss on our shipment to Charleston, is	\$3459.41
	Rec'd from Mar. Ins. Co. amt. insured, 3400.00	
9	Net loss,	59 41
6		
	2.	
	Received Pezron & Co.'s draft on Emile Debure, in our favor, at 10 days' sight, duly accepted, (B. R. No. 7,) due 15th inst.,	7,500 —
2		
4	5.	
	Advised by Walter Gibson that he shipped for Hamburg, on the 25th ulto. per Elbe, Jaeger, on account of Co. B. 150 bags cotton, con-	

September 5th, 1848.

signed to Frederic Richter, amounting, as per Invoice, No. 5, to \$4,230.28.			
7	Our one-third is . . . . .	1,410	09
4	18. —————		
We owe Frederic Richter for one-third of Mdse. Co. B, No. 2, 8750 marcs banco, amounting, exch. at 35 cts., to . . . . .		3,062	50
7	20. —————		
9	Accepted McAlpin & Baird's draft on us, at 30 days' sight, in favor of Benson & Smith (B. P. No. 6,) due Oct. 23d, . . . . .	3,500	—
6	October 2d. —————		
1	Advised by Walter Gibson that he has shipped to Pezron & Co. at our charge, per Napoleon, Astruc, 200 bales cotton, amounting, as per Invoice No. 5, including charges, to \$7,120.00		
4	Our commission, $2\frac{1}{2}$ per cent., is . . . . .	178.00	7,298 —
	We allow W. G. a comm'n of 2 per cent., \$142.40		
4	Total owing to Walter Gibson, . . . . .	7,262	40
8	Balance, owing us for commission, . . . . .	35	60
	5. —————		
Pezron & Co. owe us $\frac{1}{2}$ per cent. brokerage on their draft for \$1,750.50, in fav. of J. Desnoyers, pd. by us to Benson & Smith, . .		8	75
4	7. —————		
9	Shipped per William Henry, Fonar, on acct. of Johnson & Bros., Liverpool, 300 bbls. Genesee flour, bot. of Henry Fuller, at \$5.75, . . . . .	\$1,725.00	
10	Our com'n, $2\frac{1}{2}$ per cent. on \$1,970.00 is . . . . .	49.25	1,774 25
8	Gave H. Fuller our note for the purchase money, at 4 mos., (B. P. No. 7,) due Feb. 6th, 1849, . . . . .	1,725	—
1	11. —————		
Gave up to E. Debure Pezron & Co.'s draft, in our fav., (B. R. No. 7,) due 15th ult., \$7,500.00			
2	He owes us interest on do. for 26 days, . . . . .	37.72	7,537 72
8	He has given up to us, in part payment, Pezron &		

October 11th, 1848.

1	Co.'s draft on us, (B. P. No. 4,) due this day, . . . . .	\$7,399.04		
	Bal. in cash, (C. fol. 3,) . . . . .	138.68	7,537	72
	18. _____			
	Received from P. Linares, A. S. of shipment to Havana, Co. A.: net proceeds, . . . . .	\$2,478.90		
5	Benson & Smith's half is . . . . .	1,239.45		
5	Our half, . . . . .	1,239.45	2,478	90
	P. L. has deducted from the above the amt. paid by him for repairing damages sustained by the Blackbird in a gale, . . . . .	\$340.50		
2	Received his draft on M. Herrera, at sight, for the bal., which has been duly paid, (C. fol. 4,) . . . . .	2,138.40	2,478	90
	21. _____			
	Advised by Johnson & Bros., that Capt. Trusty, of the Unicorn, paid them on our acct. on the 30th ult. the amt. borrowed on his bottomry bond, Aug. 11th, (B. R. No. 4,) \$1,500.00			
2	With 10 per cent. premium, . . . . .	150.00	1,650	—
9	10	“ _____		
	Took Henry Cramp's note, at 60 days, in full for goods sold him on the 22d ult. (B. R. No. 15,) due Dec. 22d, . . . . .		90	20
2	7	30. _____		
	Entered into company with McKen & Patterson, Water Street, in a speculation to Marseilles, per Republique, Charron, they to be agents, and we one-third concerned. We have accordingly taken to acct. of the company, (Co. C,) at market price, the bal. of mdse. Co. B, (S. p. 2,) . . . . .	\$3,262.40		
	Paid charges, (C. fol. 4,) . . . . .	18.00	3,280	40
	Their outlay amounts to . . . . .	\$5,720.44		
8	Our one-third is, . . . . .	3,000.28		
10	Due from McK. & P. for our extra expenditure, . . . . .	280.12	3,280	40
	November 16th. _____			
	Discounted at the New York Bank, Galen			

November 16th, 1848.

	Otis' note for \$5,545.25, (B. R. No. 10,) due Dec. 4th.		
8	Discount on do. for 19 days, . . . . \$20.49		
1	Received, in part, our note to Horton & Burgess, (B. P. No. 4,) due to-day, 5,000.00		
2	Balance in cash, (C. fol. 4,) . . . . 524.76	5,545	25
	December 9th.		
9	John Pinel has absconded, and our note against him, (B. R. No. 13,) is worthless. Loss,	6	41
2	16.		
7	Rec'd from W. Gibson, A. S. of ship't to N. Orleans, per Dolphin. Net proceeds, 5,314.28		
4	Accepted his draft in fav. of Antonio Bolzano, at 30 days' sight, (B. P. No. 8,) due 18th Jan. 1849, . . . . 350.00	5,664	28
1	18.		
	Made out and dispatched McAlpin & Baird's Accounts. Charged their C. for com'n on gross proceeds of sales, 5 per cent.		
8	on \$4,211.90, . . . . . \$210.60		
9	Storage, . . . . . 1.00		
8	Interest on first charges, for 4 mos. . . . 9.35	220	95
6			
6	They owe us, on their acct. proper, for bal. of int.,	21	62
8	We have drawn on them in fav. of Johnson & Bros., at 10 days' sight, for bal. of acct., £78.09.11½ stg., exch. at 10 per cent., .	383	71
10	27.		
6	Received from Frederic Richter, A. S. of Adventure to Hamburg, Co. B. Net proceeds, 11,418 marcs banco.		
9	Our one-third is 3806 marcs, amounting, at 36 cts. per marc, to . . . . .	1,370	16
7	29.		
	Made out and mailed Johnson & Bros.' accounts.		
8	Charged their C. com'n and guarantee, 6 per cent. on \$13,828.25, . . . . . \$829.70		
9	Storage, . . . . . 2.50		
8	Int. on first chrgs., f'm July 1st to Oct. 20th, 58.70	890	90
4			

December 29th, 1848.

8	Bal. of interest due them on their acct. proper,	94	36
10	30.		
1	Value of the goods on hand this day, at cost, as per Invoice, No. 8, . . . . .	17,955	56
	"		
1	We owe Elijah Lawrence, for half-year's rent of store, . . . . .	600	—
3	"		
2	The Brig Blackbird owes us 5 per cent. com'n on net freight of \$675, . . . . .	33	75
8	There is a balance against the vessel of \$518.93		
4	W. Gibson's half is, . . . . .	259.46	
2	Our half, " . . . . .	259.47	518 93
2	The present value of our half we estimate at " . . . . .	4,200	—
8	We owe E. Lawrence for interest, a bal. of .	7	85
3	"		
3	James Ferguson owes us for interest, . \$5.60		
3	Peter Stephens " " " " . 1.14	6	74
8	"		
	Mdse. Co. B owes us for com'n on our own sales and outlays, 5 percent. on \$7,961.05, \$398.05		
	" " " " Do. on net proceeds of sales by L. Stryker, 2½ per cent. on \$3,970.45, . . . . .	99.26	497 31
8			
9	" " " " Storage, . . . . .	25.00	
	The net proceeds amount to \$11,000.77.		
4	W. Gibson's third is, . . . . .	3,666.92	
9	F. Richter's " " . . . . .	3,666.92	
6	"		
	"	7,856	15
	Mdse. Co. B, No. 2, owes us for com'n 5 per cent. on \$13,402.39, . . . . .	\$670.12	
8	" " " " Storage, 10.00		
9	The net proceeds amount to \$8,977.49		
	W. Gibson's third is . . . . .	2,992.50	

December 30th, 1848.

9	F. Richter's third is, . . . . .	2,992.50		
9	Our profit on the sales is, . . . .	236.24		
7			6,901	36
	" "			
5	The present value of our store furniture we estimate at . . . . .		210	—

## Section VII. Remarks on the Method of keeping a Waste-book and Journal.\*

General plan of modern double-entry treatises—Plan of the old Italian method of double entry—Why discontinued—Objection to the modern plan—Its Waste-book worse than useless—Professed object of its Journal—That object it does not accomplish—A new form of Journal now common—Why inferior to the ordinary form—Objections to every kind of Journal—Reasons for totally discarding the Italian method.

IN modern treatises on double-entry book-keeping, most of the transactions are recorded three times before being posted. They are first recorded at length in the original books, then transferred to a Waste-book—now generally called a Day-book—whence they are transferred to another book called the Journal. In the old Italian method of double entry, the Journal was made out immediately from the Waste-book, from which it differed only in being expressed in technical terms. The Waste-book was exactly the same as the Day-book that appears in modern double-entry treatises, and quite similar to the general record given in Section I. : but it differed in being made up exclusively of original entries, whereas the Day-book consists, in a great measure, of transfers from the other books, such as the Sales-book, Cash-book, &c. The Waste-book was in fact the only book of original entries. The Journal was made out from it by expressing its entries in a technical form, to facilitate posting, which was made exclusively from the Journal. These two, with the Leger, were the only books employed to keep accounts.

The method just explained was much simpler than the cumbersome plan of double-entry now universally taught in our school-books, although it would have been a manifest improvement to drop the Journal altogether, and post directly from the Waste-book. But as mercantile transactions became more extensive

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\* This section may be passed over by young learners, who are pressed for time.

and complicated, it was found so unsuitable that it has been generally abandoned.\* The evil is, that every part of the old system has been retained, while its simplicity has been completely lost, and the whole rendered excessively complicated and laborious, by the introduction of a great number of auxiliary books. The Day-book, Journal and Leger of our present treatises are exactly the same as the Waste-book, Journal and Leger of the old method used centuries ago; and, in addition to them, we have Cash-books, Petty Cash-books, Bill-books, Invoice-books Inward, Invoice-books Outward, Sales-books, Commission Sales-books, Postage-books, Expense-books, &c. And although all these seldom appear in any single treatise, I know of none which do not add more than the original number employed in the Italian method, without dropping any of the old.†

When a transaction has been written down at length in a book of original entry, there is generally no occasion to make another minute of the same transaction before it is posted. This is merely to give ourselves trouble for no purpose except to increase the chances of error, and augment the labor of comparing the books. There are occasions, indeed, where the transaction entered is so connected with others that a summary of the whole is necessary before posting, as in some cases of goods

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\* Only think, for instance, of the extent to which the Cash Account in the Leger would now generally swell, in the course of six months, if every single item of receipt and expenditure were posted into it separately. And yet, in many modern works, this is actually done; and their Leger Cash Account is a perfect transcript of their Cash-book.

† The reader will understand that I speak of Double-entry Book-keeping. Cronhelm's Book-keeping contains a set for general merchants which has neither Journal nor Waste-book: but it is essentially a single-entry treatise; and its plan is by no means generally eligible.

Since writing the above, my attention has been called to a recent treatise which discards the Day-book, and journalizes directly from the original books; but the plan proposed is liable to the same objection as Cronhelm's.

shipped on joint adventure. But such occasions are only exceptions to the general rule: and it would evidently be very improper to write a summary of every simple transaction before posting, because it is occasionally proper to do so, in the case of some complicated transactions. Hence the plan of writing out, in ordinary language, from original entries, a general record of all transactions, is one which should be left to those who prefer walking in the ordinary track, however rugged and circuitous.

The Journal is simply a repetition of the Day-book, expressed in a technical form, like the Day-book in Part II. Its professed object is to facilitate posting into the Leger, by exhibiting clearly which accounts are to be debited and credited.\* The practice of keeping such a book seems to have arisen when mercantile transactions were much simpler than at present, and book-keepers tyros in the art: and it appears to have been continued from the force of habit, every one generally following the method he had been taught. It is altogether a source of perplexity and loss of time, without offering a single solid advantage in return. So far as the quantity of writing is concerned, it is manifest that the Journal and Leger entries together must greatly exceed the Leger entries alone.

In regard to facility of posting, it is easier to post without a Journal than to make out the Journal entries, to say nothing of the subsequent trouble of posting the Journal. For when we consider the various parts of a complicated transaction, it is easier to see what particular persons or things are Dr. or Cr. than to find who or what is Dr. to all the rest, which is necessary in order to journalize an entry: and the result of our examination often is, that we find "Sundries Dr. to Sundries,"

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\* The term *Journal* is sometimes applied to a book of original entries. In this sense it is synonymous with Day-book, which is the primary import of the word: but I understand it in the usual, and more limited sense of a book made up from original entries, and employed exclusively in posting.

that is—several persons or things Dr. to several persons or things, a statement tantamount to nothing, so far as facilitating posting is concerned. Any person competent to make the original entries, can see without any difficulty how they are to be posted, if he once master the few principles on which the double-entry Leger is based. If the reader will compare the numerous rules for journalizing given by all other writers on Double-entry Book-keeping \* with those here given for direct posting, he will find the latter fewer and simpler, while they are more precise and comprehensive, to say nothing of those authors' subsequent rules for posting. So far as facilitating posting is concerned, therefore, a Journal is worse than useless.

The forms of the Journal are various. It is now frequently made up monthly by collecting into one sum all the items of Dr. and Cr. belonging to the various Leger accounts. This plan possesses the solitary advantage of abridging the Leger accounts. But on the other hand it imposes much more labor than the old method of journalizing: for you have to search incessantly through all the original books, to find all the items belonging to the various accounts. There is also greater risk of error than by the old plan; and it labors under the further disadvantage of delaying the posting of one month's transactions till you are advanced in the next, so that settlements are generally very difficult. Moreover, the extreme abridgment of the Leger accounts is a positive disadvantage, since, on this plan, they tell us hardly anything but results, so that a reference to the original entries becomes necessary much more frequently than on the other plan. At the same time it renders a reference to those entries very difficult. The Leger refers you to the Journal; but the Journal often refers you to nothing. Thus while we have references *to* the Leger, which are seldom required, we are not furnished with references *from* it, to the original entries, a thing required very frequently.

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\* A recent writer, for example, who professes to have "simplified" double-entry, devotes about 20 pages to the subject of journalizing.

A serious disadvantage which applies to every kind of Journal is, that by multiplying the entries, it increases the liability to error. We are first liable to err in journalizing, and then we are liable to err in posting. The method adopted in the present treatise excludes the former risk without increasing the latter.

Journalizing also imposes additional labor in comparing the books. According to the ordinary plan, you have first to compare the original books with the Day-book, this with the Journal, and then the latter with the Leger. We shall see hereafter that the checks in which so much confidence is often placed, will *not* detect several of the most serious errors to which we are liable in posting into the Leger. Hence its entries must be carefully compared with the original books, if we would insure correctness.

The learner may now see that the plan of directly posting the original entries into the Leger is preferable, in every respect. It is both the shortest and the easiest plan, and possesses the advantage of at once referring us to the original entries. It is less liable to error, and saves much labor in comparing the books. The ordinary method has therefore been completely discarded in the present work, which exhibits, not a cumbersome modification of the Italian method, but one entirely different.

## Section VIII. The Ledger.

Nature of double entry—Its advantages—Three different classes of accounts—Personal accounts—Real accounts—Description of the principal of them—Profit and Loss accounts—Their nature and uses—Two principles which determine the two accounts into which every entry is to be posted—Every sum is not entered separately on each side of the Ledger—Mode of counter-entering cash transactions, and purchases and sales of merchandise—General manner of posting—Particular directions for posting—Nature and object of a Trial Balance—Objection to the common kind—Disadvantage of the other kind—Uselessness of all Trial Balances—Only reliable means of insuring the correctness of the Ledger—Directions for balancing the Ledger—Property accounts—Personal accounts—Profit and Loss accounts—Worthlessness of the alleged “great proof”—Use of a Balance sheet—Examples.

THE double-entry Ledger greatly resembles that already discussed in Part II. : but accounts are opened in such a manner that every transaction belongs both to the Dr. and to the Cr. side of one or more accounts, so that every sum is entered on each side of the book. The second entry of the same transaction is called the *counter-entry*. From the circumstance just mentioned, this kind of Book-keeping derives its title of *Double-entry*. This plan naturally grew out of the custom of keeping accounts of property, as well as personal accounts. Thus if you sold cloth on account, the purchaser was Dr. for the price, and the cloth account would be Cr. If you sold it for a note, the cloth account would be Cr. as before, and that of bills receivable Dr. So if you purchased cloth on account, the seller was Cr. and the cloth account Dr. If you purchased it on a note, its account was Dr. and that of bills payable Cr. Thus it was seen that in every transfer of property, there is a Dr. and a Cr., and that by keeping accounts of the various kinds of property, and sources of income and expenditure, every sum came to be entered both on the Dr. and on the Cr. side of the book.

This Ledger possesses two real advantages over that by single entry. 1. It contains a summary of all a person's accounts, so that from it alone we may learn the state of a person's affairs.

without consulting any other book. 2. It exhibits the various sources of gain and loss, and the amount due to each. A third advantage attributed to it is, that it enables us to test the accuracy of the posting in a manner of which the other does not admit: but this I consider of no value, for reasons which will appear in the course of this section.

The double-entry Leger generally contains three classes of accounts, styled *personal*, *real*, and *profit and loss* accounts. The personal accounts are perfectly similar to those in the preceding Leger; and the *real* mean simply the *property* accounts, whether real or personal property. The profit and loss accounts\* record the various sums paid or received, accrued or become owing, without any property having been given or received in return, such as money lost, interest, discount, commission, insurance, &c., with the exception of the charges on your own goods, which are most conveniently entered in the account of Merchandise. These may all be recorded in one general Profit and Loss account, or they may be distributed into classes, such as *Interest*, *Commission*, *Insurance*, &c.

The personal accounts require no particular description, as they differ in no respect from those already exhibited in Part II. The property accounts are also similar to those which have been there discussed. The following list includes all that need generally appear in the Leger of a partnership concern.

1st. The *Cash Account*, which is simply a summary of the Cash-book. 2d. The *Merchandise Account*, which contains on the Dr. side all sums paid or due for goods bought, and on the

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\* These are often called *fictitious* or *imaginary* accounts, because they represent neither personal indebtedness nor any species of property: but I prefer a less abstract and more intelligible term. The *Stock* account, which appears in the Leger of a personal concern, is often classed with fictitious accounts; but it is simply the general personal account of the owner of the books. The authors who have made such a classification must have had very vague notions of what a fictitious account is, before they could have committed such a mistake.

## THE LEGER.

Cr. side all the sums received or owing for goods sold, and the value of any goods that may have been lost, given away, or destroyed. When the value of the goods on hand has been entered on the Cr. side, the balance of the account will show the gain or loss on Merchandise.\* 3d. *Bills Receivable*.† The Dr. side contains the various bills due to you, whether notes, drafts, or bonds; and the Cr. side everything received, and every debt discharged or obligation remitted to you on account of these bills. The balance is the amount still due you on bills. 4th. *Bills Payable*.† The Cr. side contains all bills due by you; the Dr. everything given, and every obligation contracted or debt remitted by you, on account of such bills. The balance is the amount still due by you on bills. 5th. *Ships,‡ lands, houses or stocks*.§ These are all similar to Merchandise. 6th. *Shipments or consignments*, on your own account exclusively. The Dr. side contains the cost of goods, including charges, and the Cr. the net proceeds of the sales. The balance shows the gain or loss. 7th. *Commission goods*. These accounts are debited for all charges on the goods, and credited for the suc-

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\* In the old Italian method, an account was opened for the various kinds of property in which the party dealt, such as *Cloth, Calico, Linen, &c.* or *Flour, Wheat, Rye, &c.* But this plan was found so laborious, and at the same time of so little utility, that it has been generally abandoned.

† Accommodation bills are not to be posted into the Leger when they are drawn. The transaction is only to be minuted in the Memorandum-book.

‡ When you are part owner of a ship, and at the same time manager, you keep a general account for the vessel and owners, and another for your own share. You debit the former for all your outlays on account of the vessel, except purchase money, and credit it for all sums received on her account. You debit the latter for your share of her first cost.

§ Interest is not generally calculated on such accounts: but if the owner wishes to compare the gains derived from them with what would accrue from their value put out at interest, he can do so by calculating the interest as directed in Part I., Sect. II.

cessive proceeds of the sales. The balance is the amount you owe your employer, or what he owes you, on the consignment.\* Other transactions with the owner of the goods are to be entered in his personal account. 8th. *Company speculations.* The Dr. side always contains your share of the expense. When you are not agent for selling the goods, the Cr. side contains your share of the net proceeds; and the balance exhibits the gain or loss, as in the preceding case. When you are agent for selling the goods, you debit the account at the outset for your share, as before, and for all your subsequent outlays on account of the speculation: and you credit it for all sums received or accrued on account of sales. A method more strictly in accordance with theory would have been, to credit and debit the accounts of the various adventurers for their shares of the outlays and proceeds: but this plan is very laborious in practice, and the other answers all purposes equally well. The manner of balancing such accounts is explained hereafter. 9th. *Store Furniture.* On the Dr. side is entered every sum paid or debt contracted on account of permanent store furniture, whether fixtures or movables. On the Cr. side is entered any article lost, or the amount of injury sustained, either of which is counter-entered on the Dr. side of *Profit and Loss*. The balance shows the present value of your store furniture. Several writers exhibit no such account. But this is an oversight. The furniture of the store is a peculiar kind of property, that cannot well be classed with any other, and one which is often of so much value that it ought not to be overlooked. 10th. *The Estate Account*, otherwise called *Balance Account*.† This con-

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\* In houses which deal extensively in commission goods, this class of accounts is often kept in a book by themselves, called the *Commissions*, or *Sales' Leger*. But the accounts are the same as those here given, and treated precisely in the same way. The plan consists only in dividing the *Leger* into two parts, for the sake of convenience.

† I prefer the former term, as it conveys a more accurate notion of the nature of this account, which exhibits a general abstract of all the

tains on the Cr. all the items of property belonging to the firm, and on the Dr. all the sums they owe. The balance is their net capital.

Of the Profit and Loss accounts, the following are the principal. 1st. The general *Profit and Loss* account, into which is posted every item of gain or loss not belonging to any of the other Profit and Loss accounts, (such as gains or losses by bad debts, exchange, bad money, &c.,) and to which are transferred the balances of all these accounts when you are balancing the Leger. On the Dr. side is entered every item of loss, and on the Cr. every item of gain. The balance is the net gain or loss. 2d. *Commission Account*. On the Cr. side is entered every sum charged by you for commission; and on the Dr. every sum lost by guaranteeing, or any commission returned. The balance shows the net gain by commissions. Some authors direct you to enter on the Dr. side all that you pay others for commission: but this is improper; for the object of the account is to show what you have made by commission, and the commissions you pay ought no more to be inserted in it than other charges on your consignments. When an agent sells goods for you, he deducts his commission, along with other charges, from the gross proceeds of the sales, and you need generally take no notice of it in your books. 3d. *Interest and Discount Account*. On the Dr. side is entered every sum you pay or allow for interest or discount, and on the Cr. every sum paid or allowed you on the same account. The balance shows the net gain or loss on interest and discount. 4th. *Suspense Account*. On the Dr. side is entered every amount owing to you which is considered *doubtful*,\* when you are balancing your Leger, at which

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owners' pecuniary affairs. It is called *Balance Account* because it is chiefly composed of the balances of the Leger accounts. It is often classed with the Profit and Loss accounts, to which it belongs no more than ordinary personal accounts.

\* *Desperate* debts do not belong to this account, but to the general account of Profit and Loss.

time the account is made up. On the Cr. side is entered anything paid on the dues previously entered on the Dr. side. The balance is considered a loss, and treated accordingly.\* Some keep a separate account for the charges on *Mdse.*: but this generally causes much trouble to no purpose. When you receive an invoice, it is certainly easier to debit *Mdse.* for the whole amount, charges included, than to debit *Mdse.* for the cost of the goods, and *Charges* for their amount. Charges on goods may be justly classed with their cost, because they equally enhance the selling price, and diminish the profits. Hence the best plan is to debit *Mdse.* for all charges on your own goods. An account of *Charges* is proper chiefly in a business exclusively on commission, where the small charges on the goods are classed together, and not entered separately to the various consignments' accounts, but charged in the form of a per centage in making out the Accounts Sales, as mentioned in the first note to Section II. In such a case, perhaps the best plan would be, to have an account for *Petty Expenses*. A certain sum should be laid aside to meet such expenses, as directed in the first paragraph of Section II., in the case of small charges on your own goods, and the amount at once debited to the account of *Petty Expenses* in the Leger, and considered no longer as part of the cash on hand. A particular record of the expenditure should be kept by the disbursing clerk, in a *Petty Expense Book*.

The preceding subordinate accounts might have been merged in the general Profit and Loss account. The advantages of keeping them separate are, 1st, that they prevent the Profit and Loss account from extending to several folios, in the interval between one balancing and another, as it would be apt to do in

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\* Some enter to the debit of this account missing goods, forwarded at your risk. But it is better merely to minute these in the Memorandum-book, till you have certainly ascertained whether they have been lost. If they have been lost, you credit *Mdse.* and debit *Profit and Loss* for their value.

an extensive business, if all profit and loss items were posted into it alone; and 2d, that the gains or losses under particular heads are exhibited separately, whereas by the other arrangement, they are all intermingled. In a business which conveniently admits of entering all profits and losses in one account, it is easier to discard the subordinate account; and if the party is curious to know the gain or loss under a particular head, he can find it by adding up all the items under that head in the general account, and taking the balance.

The side of a Profit and Loss account on which a sum is to be entered, is determined by that on which the same sum is entered in the primary entry, and not by any real indebtedness of person or property, a thing which the nature of such accounts renders them incapable of expressing. The items of gain, for example, are entered on the Cr. side, because they are entered on the Dr. side of the other accounts. This plan preserves the equilibrium of the books, and enables us to determine the net gain or loss as well as if the entries were made on the opposite sides. The other reasons assigned in treatises on Book-keeping are worthless, and tend only to confound the learner.

The two following principles determine the two accounts into which every transaction is to be posted, and the side of each to which it belongs. 1st. *Persons or things are Dr. when property is given away or lost, a claim remitted, or a debt contracted, on their account; and Cr. when property is received, a sum accrued, or a debt liquidated, on their account.* 2d. *All sums paid, claims remitted or debts contracted, which belong to the Dr. side of no other account, (such as interest and discount allowed by you, money lost, premiums paid for exchange, &c.) are debited to that Profit and Loss account to which it belongs; and all sums received, or become due, or debts discharged, which belong to the Cr. side of no other account, (such as interest and discount allowed you, sums due for commission, or storage, &c.) are credited to the proper Profit and Loss account.* The description of these

## MERCHANTS' BOOK-KEEPING.

accounts given above, will enable the learner to know readily to *which* of them a sum belongs.

You must not suppose that every sum is entered *separately* on each side of the Leger. When there are several transactions belonging to the same account, they are entered collectively whenever this can conveniently be done. Instead, for example, of posting all cash receipts separately to the debit of *Cash*,\* you debit it at the end of every month or week for the total receipts, which is found entered in the Cash-book. So all the cash paid is posted collectively, to the credit of *Cash*, in a similar manner. Cash purchases, again, are posted collectively, from the same place, to the debit of *Mdse.*, and cash sales to the credit of the same account. So the credit and bill purchases are posted collectively, from the Purchase-book, to the debit of *Mdse.*; and the credit and bill sales are posted collectively, from the Sales-book, to the credit of the same account. Thus all the transactions recorded in the *Cash-book*, the *Purchase-book*, and the *Sales-book* are counter-entered collectively in the accounts of *Cash* and *Mdse.*, and the primary entries are made as in single entry.

With the exceptions pointed out in the preceding paragraph, the books are to be posted daily. You may distinguish the book referred to, in the Leger, by prefixing to the reference figure the first letter of the name, *C.* for Cash-book, *P.* for Purchase-book, *S.* for Sales-book, *A.* for Agency Sales-book, and *D.* for Day-book. These letters, however, are not absolutely necessary, as the nature of the transaction will indicate the book posted from. They may therefore be omitted in practice, if the book-keeper pleases. In posting the Cash-book you pass over every entry which has an *M.* (for *Mdse.*) or figure within parentheses in the place of the reference figure. For these indicate, either that the entry is to be posted collectively with

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\* The words in *Italics* denote the Leger accounts of which these are the titles.

## THE LEGER.

other cash purchases or sales, into *Mdse.*, or that it has been carried to the Day-book, whence it will be posted, along with the other parts of the same transaction. For a similar reason, you pass over the entries in the Purchase-book and the Sales-book, which have, above the reference figure, a letter referring to some other original book.

In posting the Agency Sales-book and the Day-book, the transactions are to be entered separately on each side of the Leger. Hence two or more reference figures become necessary. When the same sum is to be entered on each side of the Leger, you write the two figures in the form of a fraction, giving the one referring to the account debited for the numerator.

It follows, from the first principle given above, that the personal and property accounts are perfectly similar to those already exemplified in Part II. The additional information requisite for posting is contained in the following directions, which are deducible from the same principles.

1st. In entering in a person's account a sum which has been already charged to you, on his books, in a different currency, you should always short-extend the amount of foreign currency, as you may see in the accounts of Pezron & Co. and of Frederic Richter. This will save trouble when you come to settle with the party. To obviate the difficulty, some keep two accounts, styled *his* or *their account*, and *my* or *our account*: but this is unnecessary. When you remit them a balance in their favor, you convert it into foreign currency, by finding to how much the domestic currency charged will amount in the foreign currency, at the present rate of exchange, and allow the party accordingly. If the price of the foreign currency due by you should exceed the balance of domestic currency shown by your Leger account, you treat it as loss; if it is less, you treat it as gain. In settling with F. Richter, for example, (see his account,) you would remit him a draft for 4944 marcs banco, and as many more as could be purchased for \$6659.42. If the former sum should cost more than \$1692.34, the difference

would be entered as gain ; if less, the difference would be entered as loss. So when you receive a balance due you from abroad, if the amount remitted exceed what your Leger exhibits, the excess is gain : if it fall short, the difference is loss.

2d. Notes given or bills accepted by you are always credited to *Bills Payable* : notes received or bills accepted in your favor, are debited to *Bills Receivable*.\* You will understand everything regarding bills, if you simply remember that they are debited and credited exactly like cash. You always mention in the Leger the number of the bill, and the day when it falls due. Anything received for a bill is credited to *Bills Receivable* ; and anything given for a bill is debited to *Bills Payable* ; and you always mention the number of the bill for which it is given or received. Some authors recommend you to leave a blank line, for every entry, on the opposite side of the account, to be filled when the bill has been disposed of. This would be a good plan if all bills were settled at once : but bills are so frequently settled by being paid in instalments that it is not proper to adopt such a plan. The way in which they obviate the difficulty, in such cases, is to credit *Bills Receivable* for the amount, and debit the person liable to pay it, and credit him for every subsequent payment. This method is attended with the disadvantage of scattering your bill transactions through several personal accounts. Hence the ordinary plan is preferable. The confusion which those authors attribute to this plan, arises from the difficulty experienced in recording

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\* Accommodation bills are not included under the above rule. If you are called upon to pay a bill of that kind, you of course make an entry in the Cash-book, whence you will post to the debit of *Bills Receivable*. If another pays for you, he then becomes the holder of your bill ; and therefore you make a Day-book entry, whence you debit his account, and credit *Bills Payable*. Such bills are not entered at first in the Day-book, because it is not expected that a person shall be called upon to pay them, although, in fact, he often is ; and you should never indorse such a bill, unless you are fully prepared to pay it at maturity.

partial payments in their Bill-books. According to our arrangement, it causes no risk or difficulty. Every payment is entered in the Cash-book, and thence posted into *Bills Receivable*, like any other transaction.\*

3d. When a consignment is made to an agent, to be sold on your exclusive account, the *Consignment* is Dr. for the whole expense. When you receive the agent's account sales, it is credited for the net proceeds, and the proper accounts debited. If he gives you nothing, you debit him for the net proceeds: if he sends you a draft for the amount, not payable at sight, you debit *Bills Receivable*, and so on.

4th. In a company speculation, where you are not manager, you debit the *Adventure* for your share of the total expense. If this exceed your actual outlay, you credit the manager or other person to whom you are responsible for the balance; if it fall short, you debit in the same manner for the difference. If you have advanced goods to the particular account of some of the other adventurers, you of course debit him. When you receive the account sales, the *Adventure* is credited for your share of the net proceeds.

5th. When you are shipping agent, in a company speculation, you debit the *Shipment* for your share of the outlay. If any of the other adventurers advance more than his own share, you credit his account for the balance; if less, you debit his account for the deficiency. Some authors direct you, in such cases, to credit the other adventurers for the *whole* of their contributions. This violates the important rule that a person is to be credited only for what you owe him. For in this case, you owe him only for what he may have contributed more than his share. It is as wrong to credit him for the whole, as it would be to credit the consigner at once for the value of his consignment, in the case of goods sent you to be sold on commission.

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\* A draft on you, at sight, is not posted into *Bills Payable*, since it is paid immediately; you merely debit the account of the person or thing on whose account you pay.

6th. When you are sales' agent, in a company speculation,\* you debit the *Merchandise, Co.* —, for your share of the cost, and debit or credit the other adventurers, as in the preceding case. The account is to be debited for all your subsequent outlays on account of the speculation, and credited for the gross proceeds of the sales, as they occur.

7th. When you sell goods on commission,\* their account is credited for proceeds of sales, and debited for your charges, as in the preceding case.† When you purchase or ship goods on commission, you debit your employer's account for the cost charges included.

8th. In the four preceding cases, the entries regarding which no directions are given, are made precisely as if the goods were all your own. Thus when you receive a note for commission goods, *Bills Receivable* is Dr.; when you sell them on book account, the purchaser's account is Dr., and so on.

In every transaction, the particular Drs. and Crs. can be readily found by observing 1st, whether any person has become indebted to you, or whether you have become indebted to another: 2d, whether something has been given, or a debt contracted or remitted on account of some property—or whether something has been received, a debt discharged, or a sum become due, on a similar account: and 3d, whether you have

\* In the titles of such accounts, you always refer to the page of the Memorandum-book in which the invoice is entered, so that you can easily turn to it whenever you wish.

† It is not absolutely necessary to keep a separate account for the consignment, as you might debit and credit your employer's personal account. But by keeping the consignment transaction separate, you can more easily and with less risk of error make out his account sales. The entries belonging to it might, indeed, be distinguished in the personal account by annexing C. (for consignment) to each of them: but this would not entirely obviate the difficulty. A second consignment from the same person is distinguished as No. 2, a third as No. 3, and so on. Or if they consist of different materials, they may be distinguished by the name.

## THE LEGER.

gained or lost by any other means than the purchase and sale of property. In the latter case, some one of the Profit and Loss accounts is always to be credited for the amount in case of gain, and debited in case of loss.

The Leger should be compared with the original books immediately after posting; and the compared entries checked as you proceed, in the manner directed in Part II. This is the only complete and effectual remedy against mistakes in posting; and therefore it should always be performed with great care.

A common method of testing the accuracy of the Leger posting is, by what is called a *trial balance*, which is made out monthly, quarterly, half-yearly, or yearly, at the option of the book-keeper. It is usually made out by merely adding up the two sides of the Leger, (omitting all balances and footings of closed accounts,) and observing whether the sum total of each side is the same as that of the other. This must necessarily be the case, if the addition and the posting are correct, since every sum has been entered on each side of the Leger. This plan is worse than useless. For 1st, It does not indicate whether the error lies in the trial balance itself, or in the Leger. 2d. It will fail to detect any of the following important classes of errors which may be committed in posting: (1,) an entry wholly unposted: (2,) a repetition of the same entry: (3,) a sum entered on the proper side, but in a wrong account: (4,) a transposition of entries, or debiting the accounts which ought to have been credited, and crediting those which ought to have been debited, a mistake which would lead, in compound entries, to the most serious errors. The posting may therefore teem with errors, not one of which this trial balance will detect, while it may be correct, and the trial balance, owing to an error in itself, indicate the contrary. But while such is actually the fact, the book-keeper is led to consider his posting correct, when his trial balance indicates no discrepancy between the two sides of the Leger, and thus to overlook many serious errors. which a

careful comparison of the books would not fail to detect. He will also be apt to be more careless in posting and checking entries, because he trusts there is an easy way of detecting mistakes.

Besides adding up the two sides of the Leger, some authors direct you to add up all their Journal entries, Day-book entries, and original entries, and compare the sum total with that of each side of the Leger, with which it will of course agree, if the posting is correct.\* This method will detect omissions and repetitions: but it is liable to the other objections urged against the ordinary method: and it labors under the disadvantage of being more laborious, and much more subject to mistakes in making it out. The adding up of all the original entries alone is no trifle, to say nothing of their Journals and Day-books: and then you must be very careful not to include any sum except those which are posted, and also omit every sum which may have been transferred from another book, before being posted. Hence, when this method shows a discrepancy, it is very doubtful whether this is owing to an error in the posting, or an error in the trial balance.

The utter worthlessness of trial balances is further evident from the fact that *when they do show some error, it is to be discovered only by repeating the very process which, if properly performed at first, would have detected, not only this error, but all others, several of which no trial balance could possibly detect, viz., direct comparison of the books. Further, no trial balance will detect most of the errors that may be committed in making the original entries. These are the worst errors that can be commit-*

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\* This is the sum and substance of all the "infallible" rules that ever have been or ever can be given for indirectly testing the accuracy of the Leger posting. Those who will consult the earlier editions of Morrison's Book-keeping, which appeared many years ago, will find that the rule is by no means new. Morrison, however, candidly acknowledges that direct comparison of the books is the most (he should have said the *only*) effectual remedy against mistakes.

## THE LEDGER.

ted, because they mislead us in that quarter to which we always look for the fullest and most reliable information. I would ask the advocates of checks and balances, do those detect such mistakes? And they can give no satisfactory answer, because they cannot generally be detected unless we notice them during the review of the books immediately previous to posting. The trial balance may therefore be described as *a very imperfect check on careless or bungling book-keeping*; and the same might be said with truth of all the checks ever invented.

As the trial balance is so generally employed, and so much extolled by some, an example of one is exhibited at the close of the Leger, which the learner should verify for himself, if he wishes to acquire some notion of the labor which these worthless checks require.\* But as to employing it in practice, it is better, if he thinks the first comparison of his books insufficient, before balancing his Leger, to proceed at once to a second direct comparison. The omission of the Journal and Waste-book will render this process much easier than it is by the old method.

The only thing that now remains to be discussed is, the balancing or closing of the Leger, which is a more thorough process here than in Single-entry, on account of the book's completeness.†

Ordinary property accounts are balanced as directed in Part I., except that interest is not, in most cases, calculated on receipts and outlays. When there is none of the property left on hand, and the account does not balance, you add, after the

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\* It is supposed to have been taken immediately previous to balancing the Leger. Hence, in footing the money columns, you must omit all entries made on the 30th of December *after* the process of balancing has been commenced. Such are all the entries in the Day-book after that regarding store rent, and the first entry under Dec. 30th on the Cr. side of *Bills Receivable*.

† The learner will understand that particular accounts can be closed at any time. The following directions refer to a general balancing or closing up of all the accounts.

## MERCHANTS' BOOK-KEEPING.

word *Balance*, the word "profit," or "loss," according as the Cr. or the Dr. side exceeds, the balance being a gain in the former and a loss in the latter case; and you transfer it to the proper side of *Profit and Loss*. When the whole or part of the property is on hand, its value must be ascertained, and credited to the account. You also enter it on the Cr. side of the *Estate Account*, and then close the property account as in the preceding case. The balance of *Bills Payable* is entered on the Dr. side of the *Estate*, as it is a sum due by you. If any bill receivable is desperate, it is to be debited to *Profit and Loss*; if it be only doubtful, you debit it to *Suspense Account*: and in each case you enter the amount on the Cr. side of *Bills Receivable*. The balance of *Bills Receivable* is then entered on the Cr. side of *Estate*, as it is a sum owing to you.

In the case of consignments for which you have received no returns, they are generally balanced for your share of the cost, which it is considered your share of the net proceeds should at least equal: but if they will certainly bring less, you credit the account for what they are considered worth, and then close like an ordinary property account.

Accounts of property for which you are only agent, such as commission consignments, are closed by transferring the balance to the proper side of the owners' personal account, to the Cr. when the Cr. side exceeds, and to the Dr. when the Dr. side exceeds.

Accounts of company sales are closed variously, according to circumstances. (1.) When the goods are all sold, you debit the account to "Sundries," for your own charges not already entered, (such as commission, storage, &c.,) and the other adventurers' shares of the net proceeds, crediting the proper accounts as in other cases. The balance of the account will then be your net gain or loss, which is transferred to the proper side of *Profit and Loss*. (2.) When none of the goods have been sold, or the sales do not exceed the charges, you enter the balance on the Cr. side of *Estate*. (3.) If the proceeds exceed the charges,

## THE LEDGER.

commission, &c., included, you debit the account to "Sundries" for your charges, the amount due the other adventurers, and your share of the gain, if any; and then close, and transfer as in the first cases. If there be a loss, you credit the account for your share, and then close and transfer as before. The balance of the account, in each instance, will be your share of the net proceeds of the goods still unsold, supposing these to clear the cost. The proof of this is left as an exercise for the learner. The profit or loss is always found by taking the difference between your share of the net proceeds and your share of the cost of the goods sold.

You balance the personal accounts, except those of the partners, as directed in Part I. :\* transfer the balances due you to the Cr. and those owing by you to the Dr. side of *Estate*. In the partners' accounts, you find the balance, omitting everything that has been credited for stock; enter it on the proper side as "*Balance, on private account,*" and then transfer it to the proper side of *Estate*, like the balance of any other personal account. †

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\* Some disapprove of balancing such personal accounts as have not been actually settled: but the methods to which they have recourse are objectionable. One transfers the amount of each side of the person's account to the proper side of *Estate*. This overloads the latter account, while it fails to show how you stand towards the party. Another finds the balance due, marks it with a pencil in the margin, and then transfers it as if the account had been actually balanced. But we evidently ought to find the sum transferred distinctly written where the reference figure directs us to look for it; and when a sum is transferred, we ought to be told whither. The ordinary method is therefore preferable.

† Some recommend two accounts for the partners, one a *Stock* and the other a *Private* account. But one answers every purpose, and possesses the advantage of exhibiting all the partners' affairs at a glance. Others recommend keeping the partners' Stock accounts in a *private* Leger, alleging the propriety of concealing the state of each partner's affairs from all but the firm and a confidential clerk. But the *general* Leger will disclose to any person acquainted with Book-keeping the

## MERCHANTS' BOOK-KEEPING.

When a sum owing to you is desperate, you add "desperate, Loss," after *Balance*, and transfer the amount to the Dr. side of *Profit and Loss*. If it is doubtful only, you debit it to *Suspense*.

All the subsidiary accounts of *Profit and Loss*, such as *Interest and Discount*, *Suspense*, &c., are closed like personal accounts, and the balance transferred to the proper side of *Profit and Loss*. As the Dr. side of this account now contains every item of loss, and the Cr. every item of gain, the balance is your net gain or loss ; and you close the account accordingly.

Any amount entered in the Leger, which is not manifest from the book, should be minuted in the Day-book, and posted like other entries. Such are the amount of interest due on certain accounts, and the value of certain property on hand. But to make a Day-book entry of a fact manifest on the face of the Leger, and then post it back into the Leger, as some do, is evidently to give ourselves trouble to no purpose.

In every transfer, you give reference figures to and from the various accounts, prefixing the letter *F.* (folio) for the sake of distinction. If you transfer a sum which has already a reference figure, you write outside "to fol. —," as in the last entry under Dec. 30th, on the Cr. side of *Mdse.*

If a person whose balance has been transferred to *Suspense*, should afterwards pay, you credit *Suspense*, in his name, for the amount. To re-open his personal account, and credit *Profit and Loss*, would cause a great deal of unnecessary labor ; for you would often have to repeat the original process every time you balanced your Leger. The *Suspense Account* will show the payments made, as well as his personal account would have done ; and the sums recovered will go to the Cr. side of *Profit and Loss*, or diminish the Dr. side by so much, when you take the next balance.

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state of the *firm's* affairs ; and this is of much more consequence than the particular interests of the various partners. The whole Leger should therefore be private, and a second private Leger is unnecessary.

## THE LEGER.

Doubtful balances might be closed into *Profit and Loss* at once: but this plan would render it difficult to find out afterwards how much had been recovered; and you could not easily distinguish them from such as were quite desperate, and for the recovery of which consequently no step need be taken. For these reasons *doubtful* should be distinguished from *desperate* debts in your Leger. But in making out the Estate Account, the former must be classed with the latter for the present, since it would be improper to put down as a part of your actual property what you will probably never receive.

The net gain or loss added to or subtracted from the former stock, should be equal to the balance of the Estate Account: for as the Cr. side of the latter contains every part of the firm's property, and the Dr. everything they owe, the balance is evidently their net capital, or the former stock increased by the net gain, or diminished by the net loss. You are not to infer, however, that the books are correct, though the two should agree: for their disagreement arises chiefly from minor mistakes. It will not detect an error in the original books, nor various errors in posting, nor even every minor mistake. Thus if you had overadded one of the Profit and Loss accounts by \$100, and overadded the opposite side of *Bills Receivable* by the same amount, (a thing not very unlikely to happen,) the Estate and the Profit and Loss account would agree; and yet both would be wrong. Their agreement, therefore, which has been called "the great proof of correct Book-keeping," is no proof at all.

From mistaking the nature of the Estate account, classing it with Profit and Loss accounts, and looking only to their equilibrium theory, authors have been led into the absurdity of making people indebted to their debtors, and creditors to their creditors. For they direct you to enter the balance owing to you from a person on the *Dr.* side, and the balance you owe another on the *Cr.* side of the Estate account: in other words, they require you to write yourself indebted to the person that

## MERCHANTS' BOOK-KEEPING.

owes, for the amount he owes you, and write yourself Cr. by the person to whom you owe, for the amount owing. The proper method will appear at once, if we consider *who* is Dr. and Cr. The absurdity of classing the Estate with Profit and Loss accounts, is evident from the fact that *not one of its entries is either profit or loss, but a property or a debt.*

As the Estate account is a general summary of the whole of your affairs, every entry should be as precise and explicit as circumstances will permit.\* You close it by writing "*Balance, net capital,*" on the Dr. side.†

When you have found the net gain or loss, you make a minute in the Leger, as you may see in the examples, stating how much belongs to each of the partners; and you post their several shares to the proper side of their respective accounts.‡ Then you close these like any other personal account. The whole Leger is now closed.

The gain of every partner may be either withdrawn by him, in which case his account will be debited for the amount, or he may leave it to draw interest, or to increase his share of the joint capital, if allowed by the contract of partnership to do so. As the private transactions in the partners' accounts balance each other, the balance of the account, when the gain or loss has been entered, will evidently be the partner's share of the net capital.

The object of balancing the Leger is the same in double as

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\* Some disapprove of keeping the Estate account in the Leger, because it is a repetition of what is already recorded elsewhere in that book: but idle theories should not stand in the way of convenience.

† It is presumed that the firm is solvent. If the case were otherwise, the account would be closed by writing on the Cr. side "*Balance, net deficiency.*"

‡ It is better not to make a Day-book entry of the partners' shares, because it is more convenient to see every partner's share opposite the net gain or loss, and a Day-book entry might expose everything to the view of junior clerks or salesmen, who often have access to the Day book, but not to the Leger.

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in single entry. The Estate account answers the same purpose as the summary of affairs exhibited at the beginning of the Memorandum-book in Part I. It enables you to know the state of your accounts at the time ; and it serves as a record for future reference, whenever you may have occasion to recur to it.

Where one or more of the partners have not access to the books, or where a partnership has been dissolved, a general view of the state of affairs, and of the sources of gain and loss, is made out for the parties requiring it, when the Leger has been balanced. It is simply an abstract of the Estate and the Profit and Loss accounts, and is generally called a *Balance Sheet*. An example is given at the end of the Leger accounts.

As the balances are brought down in double exactly as in single entry, it has been considered unnecessary to exhibit the opening of the new accounts in the following examples, with the exception of a few cases, which will suffice as specimens.

It is a common practice to have distinct money columns for every separate account, in the double-entry Leger : but this is to give ourselves trouble merely in order to put it out of our power to insert another, when we have allotted too much space to a particular account.



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<b>Cash</b>			
<i>Dr. to</i>			
1848			
July 31	Sundries.....	C 1	15,897 05
Aug 31	Do. ....	C 2	10,863 80
Sep. 30	Do. ....	C 3	9,870 65
Oct. 31	Do. ....	C 4	11,894 75
Nov 30	Do. ....	C 4	5,045 69
Dec. 30	Do. ....	C 5	3,003 71
			<hr/>
			56,575 65
1849			<hr/>
Jan. 1	Balance.....		20,082 88
			<hr/>
<b>Merchandise</b>			
<i>Dr. to</i>			
1848			
July 31	Cash .....	C 1	68 07
Aug 31	Do. ....	C 2	375 91
Sep. 30	Sundries.....	P 1	29,308 59
Oct. 31	Cash .....	C 4	5 22
Nov 30	Do. ....	C 4	6 45
Dec. 30	Do. ....	C 5	470 55
	" Sundries.....	P 2	4,258 —
	" Half year's rent of store.....	D 6	600 —
	" Profit.....	F 9	2,551 04
			<hr/>
			37,638 83
			<hr/>
<b>Bills</b>			
<i>Dr. to</i>			
1848			
Oct. 4	Sundries, for No. 1.....	A 2	565 04
11	Bills Receivable, for No. 4.....	D 4	7,399 04
23	Cash, for No. 6.....	C 4	3 500 —
Nov 16	Bills Receivable, for No. 5.....	D 5	5,000 —
Dec. 5	Cash for No. 2.....	C 5	161 25
9	Do. for No. 3.....	C 5	2 148 29
30	Balance, Nos. 7, 8, and 9.....	F 10	2,285 —
			<hr/>
			21,058 62
			<hr/>

		<b>Account.</b>			
1848		<i>Cr. by</i>			
July	31	Sundries. ....	C 1	14,842	61
Aug	31	Do. ....	C 2	3,623	11
Sep.	30	Do. ....	C 3	1,974	73
Oct.	31	Do. ....	C 4	5,855	63
Nov	30	Do. ....	C 4	787	84
Dec.	30	Do. ....	C 5	9,408	85
"		Balance. ....	F 10	20,082	88
				56,575	65
		<b>Account.</b>			
1848		<i>Cr. by</i>			
July	31	Cash ....	C 1	927	50
Aug	31	Do. ....	C 2	99	83
Sep.	30	Do. ....	C 3	830	25
"		Sundries. ....	S 3	16,720	74
Oct.	31	Cash ....	C 4	433	50
Dec.	30	Do. ....	C 5	250	75
"		Sundries. ....	S 3	921	20
"		Balance, value of goods on hand, to fol. 10....	D 6	17,955	56
				37,638	83
		<b>Payable.</b>			
1848		<i>Cr. by</i>			
July	13	Muslin, No. 1, due Oct. 14th. ....	P 1	565	04
Aug	2	Insurance of Blackbird, No. 2, due Dec. 5th....	D 2	161	25
	7	Cloth, No. 3, due Dec. 10th. ....	P 1	2,148	29
	9	Pezron & Co., No. 4, due Oct. 11th .....	D 2	7,399	04
	11	Sundries, No. 5, due Oct. 11th .....	C 2	5,000	—
Sep.	20	McAlpin & Baird, No. 6, due Oct. 23d. ....	D 3	8,500	—
Oct.	7	Shipment to Johnson & Bros., No. 7, due Feb. 5th, '49 .....	D 3	1,725	—
Dec.	16	Walter Gibson, No. 8, due Jan. 18th, '49 .....	D 5	350	—
	30	Blanketing, No. 9, due Mar. 3d, '49 .....	D 2	210	—
				21,058	62

<b>Bills</b>			
<i>Dr. to</i>			
1848			
July	1 James Ferguson.....No. 1, due July 15th...	D 1	3,180 55
	" Prints ..... " 2, " Nov. 4th....	S 1	164 —
	" Cloth ..... " 3, " Sep. 4th....	S 1	626 10
Aug	11 Cash ..... " 4 .....	C 2	1,500 —
	19 Mdse. Co. B. .... " 5, " Nov. 20th....	A 1	1,292 84
	26 Linen..... " 6, " Sep. 28th....	S 2	877 50
Sep.	2 Pezron & Co. .... " 7, " Sep. 15th....	D 2	7,500 —
	12 Linen..... " 8, " Nov. 14th....	S 2	336 —
	15 McAlpin & Baird's C.. " 9, " Nov. 17th....	A 1	2,073 50
	16 Johnson & Bros.' C... " 10, " Dec. 4th....	A 1	5,545 25
	27 Do. do. .... " 11, " Nov. 29th....	A 1	3,283 —
Oct.	4 Sundries..... " 12, " Oct. 12th....	A 2	3,428 55
	" Do. .... " 13, " Dec. 6th....	A 2	6 41
	" Do. .... " 14, " Dec. 11th....	A 2	2,259 60
	21 Henry Cramp..... " 15, " Dec. 22d....	D 4	90 20
Dec.	26 Mdse. Co. B..... " 16, " Jan. 28th, '49	A 2	3,970 45
			36 133 95
<b>Brig Blackbird</b>			
<i>Dr. to</i>			
1848			
July	24 Cash, for repairs.....	C 1	248 75
Aug	2 Do. for outfits.....	C 1	365 82
	" Bills Payable, No. 2, for insurance .....	D 2	161 25
Oct.	18 Repairs.....	D 4	340 50
Nov	10 Cash, for outfits .....	C 4	270 86
Dec.	30 Commission.....	D 6	33 75
			1,420 93
<b>Brig Blackbird,</b>			
<i>Dr. to</i>			
1848			
July	14 Bishop & Co.....	D 1	4,000 —
Dec.	30 Sundries.....	D 6	259 47
			4,259 47

<b>Receivable.</b>				
1848	<i>Cr. by</i>			
July 15	Cash.....	for No. 1.....	C 1	3,180 55
Sep. 4	Sundries.....	" " 3.....	C 3	626 10
Oct. 7	Do. ....	" " 11.....	C 3	3,283 —
11	Do. ....	" " 7.....	D 3	7,500 —
21	Johnson & Bros...	" " 4.....	D 4	1,500 —
Nov 16	Sundries.....	" " 10.....	D 5	5,545 25
20	Shirting.....	" " 5, in part.....	P 2	800 —
"	Cash, bal.....	" " 5.....	C 4	492 84
22	Sundries.....	" " 9.....	C 4	2,073 50
30	Cash.....	" " 6.....	C 4	877 50
Dec. 9	Loss.....	" " 13.....	D 5	6 41
11	Cash.....	" " 14.....	C 5	2,259 60
23	Do. ....	" " 2.....	C 5	164 —
"	Sundries.....	" " 8.....	C 5	336 —
30	Suspense Acct.....	" " 15.....	F 9.	90 20
"	Balance, Nos. 12 and 16.....		F 10	7,399 —
				36,133 95
<b>and Owners.</b>				
1848	<i>Cr. by</i>			
July 31	Freight of Co. A goods.....		D 1	20 —
Oct. 20	Cash, for freight.....		C 4	655 —
Dec. 30	Do. $\frac{1}{2}$ of amt. expended on repairs.....		C 5	227 —
"	Balance.....			518 93
				1,420 93
<b>Our one Half</b>				
1848	<i>Cr. by</i>			
Dec. 30	Present value.....	to fol. 10.....	D 6	4,200 —
"	Loss.....		F 9	59 47
				4,259 47

<b>Elijah Lawrence;</b>			
<i>Dr. to</i>			
1848			
Oct. 2	Cash .....	C 8	100 —
Dec. 30	Balance, on private account .....	F 10	1,062 35
"	Balance, stock acct., his two-fifths of net capital		12,361 88
			13,524 23
<b>James Ferguson;</b>			
<i>Dr. to</i>			
1848			
Aug. 18	Cash .....	C 2	150 —
Sep. 30	Do. ....	C 3	75 —
Oct. 5	Do. ....	C 3	80 —
Dec. 30	Interest .....	D 6	5 60
"	Balance, stock acct., his two-fifths of net capital		12,361 87
			12 672 47
<b>Peter Stephens;</b>			
<i>Dr. to</i>			
1848			
Sep. 18	Cash .....	C 8	50 —
Nov. 27	Do. ....	C 4	50 —
Dec. 30	Interest .....	D 6	1 14
"	Balance, stock acct., his one-fifth of net capital		6,180 94
			6,282 08
<b>Giles &amp; Co.,</b>			
<i>Dr. to</i>			
1848			
Aug. 11	Cash .....	C 2	100 —

<b>Contra.</b>			
<i>Cr. by</i>			
1848			
July 1	Mdse., on account of stock. ....	P 1	7,890 45
	„ Cash, bal. of do. ....	C 1	2,109 55
Sep. 20	Do. Van Norden & Ziegler's note. ....	C 8	554 50
Dec. 30	Half year's rent of store. ....	D 6	600 —
	„ Interest. ....	D 6	7 85
	„ His two-fifths of net gain. ....	F 9	2,361 88
			18,524 28
<b>Contra.</b>			
<i>Cr. by</i>			
1848			
July 1	Mdse., on acct. of stock. ....	P 1	2,140 —
	„ Bills Receivable, No. 1, on acct. of do. ....	D 1	3,180 55
	„ Cash, bal. of do. ....	C 1	4,679 45
Dec. 30	Balance, on private account. ....	F 10	310 60
	„ His two-fifths of net gain. ....	F 9	2,361 87
			12,672 47
<b>Contra.</b>			
<i>Cr. by</i>			
1848			
July 1	Cash, in full for stock. ....	C 1	5,000 —
Dec. 30	Balance, on private account. ....	F 10	101 14
	„ His one-fifth of net gain. ....	F 9	1,180 94
			6,282 08
<b>Maiden Lane.</b>			
<i>Cr. by</i>			
1848			
Sep. 11	Cash. ....	C 8	100 —

<b>Pezron &amp; Co.,</b>			
<i>Dr. to</i>			
1848			
Aug	9 Bills Payable, No. 8.....	D 2	7,899 04
Sep.	2 Postages.....	C 8	— 45
Oct.	2 Sundries.....	D 8	7,298 —
	„ Postage.....	C 8	— 54
	6 Cash, for their draft on J. Desnoyers.....	C 8	1,750 50
	„ Brokerage.....	D 8	8 75
			<u>16,457 28</u>
<b>Johnson &amp; Brothers'</b>			
<i>Dr. to</i>			
1848			
July	1 Charges.....	C 1	3,201 64
Aug	17 Advertising.....	C 2	4 25
Dec.	29 Sundries.....	D 5	890 90
	„ Balance, due by average Oct. 20th.....	F 10	9,731 46
			<u>13,828 25</u>
<b>Walter Gibson,</b>			
<i>Dr. to</i>			
1848			
Aug	11 Cloth, per Triton.....	S 1	2,479 —
	„ Charges on do. ....	C 2	40 49
	„ Commission.....	D 2	62 99
Dec.	16 Sundries.....	D 5	5,664 28
	30 Balance against Blackbird, his $\frac{1}{2}$ .....	D 6	259 46
	„ Balance.....	F 10	12,450 78
			<u>20,957 —</u>

<b>Havre.</b>			
1848	<i>Cr. by</i>		
Aug 7	Sundries.....	39,739.68 francs..	P 1 7,550 53
Sep. 2	Bills Receivable, No. 7 .....		D 2 7,500 —
Dec. 30	Balance.....		F 10 1,406 75
			<hr/>
			16,457 28
<b>Consignment. (M. B. p. 1.)</b>			
1848	<i>Cr. by</i>		
Sep. 16	Bills Receivable, No. 10.....		A 1 5,545 25
"	Cash .....		C 3 5,000 —
27	Bills Receivable, No. 11.....		A 1 3,283 —
			<hr/>
			13,828 25
<b>New Orleans.</b>			
1848	<i>Cr. by</i>		
Aug 14	Our draft on him, at 30 days.....		C 2 2,582 48
17	Mdse. Co. B, our $\frac{1}{2}$ .....		D 2 3,042 61
Sep. 5	Adventure to Hamburg, Co. B, our $\frac{1}{2}$ .....		D 3 1,410 09
Oct. 2	Sundries.....		D 3 7,262 40
Dec. 30	Net proceeds of Mdse. Co. B, his $\frac{1}{2}$ .....		D 6 3,666 92
"	Do. do. do. do. No. 2, his $\frac{1}{2}$ .....		D 6 2,992 50
			<hr/>
			20,957 —
1849			
Jan. 1	Balance.....		12,450 78

		<b>Shipment to Havana,</b>			
		<i>Dr. to</i>			
1848					
July 31	Sundries.....	D 2	892	07	
Dec. 30	Profit.....	F 9	347	38	
			1,239	45	
		<b>Store</b>			
		<i>Dr. to</i>			
1848					
July 7	Cash .....	C 1	217	84	
1849					
Jan. 1	Balance, present value.....		210	—	
		<b>Lee &amp; Co.,</b>			
		<i>Dr. to</i>			
1848					
July 10	Draft on S. Bradford.....	C 1	5,420	39	
„	Cash, to W. Winant.....	C 1	1,553	89	
			6,974	28	
		<b>Bishop &amp; Co.,</b>			
		<i>Dr. to</i>			
1848					
July 21	Draft on Hinton & Son.....	C 1	4,000	—	
		<b>Benson &amp; Smith,</b>			
		<i>Dr. to</i>			
1848					
July 31	Sundries, Co. A.....	D 2	387	07	
Dec. 30	Cash .....	C 5	852	38	
			1,239	45	
		<b>Brooks &amp; Laxear,</b>			
		<i>Dr. to</i>			
1848					
Nov 15	Cash .....	C 4	480	58	

		<b>Co. A.</b>			
1848		<i>Cr. by</i>			
Oct. 18	Our half of net proceeds.....	D 4	1,239	45	
<hr/>					
		<b>Furniture.</b>			
1848		<i>Cr. by</i>			
Dec. 30	Balance, present value,..... to fol. 10....	D 7	210	—	
"	Loss.....	F 9	7	84	
			217	84	
<hr/>					
		<b>Lowell</b>			
1848		<i>Cr. by</i>			
July 5	Sundries.....	P 1	6,974	28	
<hr/>					
		<b>Boston.</b>			
1848		<i>Cr. by</i>			
July 14	Our half of Blackbird.....	D 1	4,000	—	
<hr/>					
		<b>Pine street.</b>			
1848		<i>Cr. by</i>			
Oct. 18	Ship. to Havana, Co. A, their $\frac{1}{2}$ .....	D 4	1,239	45	
<hr/>					
		<b>Broad street.</b>			
1848		<i>Cr. by</i>			
July 31	Mdse., on acct. of Co. A.....	D 1	459	20	
Nov 15	Interest .....	C 4	1	33	
			460	53	

		<b>Shipment</b>			
1848		<i>Dr. to</i>			
Aug	9	Cloth .....	S 1	3,416	—
	"	Charges.....	C 1	43	21
	31	Postages.....	C 2	—	20
				3,459	41
		<b>McAlpin &amp; Baird's</b>			
1848		<i>Dr. to</i>			
Aug	16	Charges.....	C 2	778	96
Nov	22	Loss on B. R., No. 9.....	C 4	73	50
Dec.	18	Sundries.....	D 5	220	95
	"	Balance, due by average Nov. 28th.....	F 6	3,138	49
				4,211	90
		<b>McAlpin &amp; Baird,</b>			
1848		<i>Dr. to</i>			
Sep.	20	Bills Payable, No. 6.....	D 3	3,500	—
Dec.	18	Interest .....	D 5	21	62
	"	Postage .....	C 5	—	58
				3,522	20
		<b>Merchandise,</b>			
1848		<i>Dr. to</i>			
Aug	17	W. Gibson, for our $\frac{1}{2}$ .....	D 2	3,042	61
	"	Charges.....	C 2	156	21
	23	Postages.....	C 2	—	40
	25	Charges.....	C 2	5	25
Oct.	23	Do. ....	C 4	42	25
Dec.	26	Postage.....	C 5	—	10
	30	Sundries.....	D 6	7,856	15
	"	Profit.....	F 9	624	32
				11,727	29

		<b>to Charleston.</b>			
1848		<i>Cr. by</i>			
Sep.	1	Cash, amt. insured .....	C 3	3,400	—
	„	Loss .....	D 2	59	41
				3,459	41
		<b>Consignment. (M. B. p. 2.)</b>			
1848		<i>Cr. by</i>			
Sep.	15	Bills Receivable, No. 9 .....	A 1	2,073	50
Oct.	9	Bills Receivable, No. 14. ....	A 2	2,138	40
				4,211	90
		<b>Glasgow.</b>			
1848		<i>Cr. by</i>			
Dec.	18	Net proceeds of Con. per Clyde, due Nov. 28th. ....	F 6	3,188	49
	„	Draft in fav. of Johnson & Bros. for £78.9.11½ stg. ....	D 5	383	71
				3,522	20
		<b>Co. B. (M. B. p. 2.)</b>			
1848		<i>Cr. by</i>			
Aug.	19	Bills Receivable, No. 5 .....	A 1	1,292	84
	„	Cash .....	C 2	1,000	—
	25	Do. ....	C 2	2,201	60
Oct.	30	Adventure to Marseilles, Co. C. ....	A 2	3,262	40
Dec.	26	Bills Receivable, No. 16 .....	A 2	3,970	45
				11,727	29

<b>William McAlister,</b>			
<i>Dr. to</i>			
1848			
Sep. 5	Cloth .....	S 2	413
Nov 5	Prints .....	S 3	50
			463
<b>Shipment to</b>			
<i>Dr. to</i>			
1848			
Sep. 9	Mdse. ....	S 2	4,779 30
	Charges. ....	C 3	43 25
Dec. 0	Profit. ....	F 9	491 73
			5,314 28
<b>Adventure to Hamburg,</b>			
<i>Dr. to</i>			
1848			
Sep. 5	W. Gibson, for our t .....	D 3	1,410 09
	Postages .....	C 3	— 39
Dec. 27	Do. ....	C 5	— 65
			1,411 13
<b>Merchandise,</b>			
<i>Dr. to</i>			
1848			
Sep. 5	Postage. ....	C 3	— 35
18	F. Richter, for our t .....	D 3	3,062 50
	Charges. ....	C 3	1,751 50
20	Do. ....	C 3	38 79
Oct. 16	Do. ....	C 4	79 —
23	Do. ....	C 4	2 75
Dec. 30	Sundries. ....	D 7	6,901 36
			11,836 25
<b>Henry Cramp,</b>			
<i>Dr. to</i>			
1848			
Sep. 22	Prints .....	S 2	90 20
<b>Charles Hammersmith,</b>			
<i>Dr. to</i>			
1848			
Sep. 25	Cassimer .....	S 2	72 —

<b>Kingston.</b>			
1848	<i>Cr. by</i>		
Nov 5	Sundries.....	C 4	418 —
Dec. 30	Balance .....	F 10	50 —
			468 —
<b>New Orleans.</b>			
1848	<i>Cr. by</i>		
Dec. 16	W. Gibson, for n. p.....	D 5	5,814 28
<b>Co. B.</b>			
1848	<i>Cr. by</i>		
Dec. 27	F. Richter, for our $\frac{1}{4}$ of n. p.....	D 5	1,370 16
30	Loss.....	F 9	40 97
			1,411 18
<b>Co. B, No. 2. (M. B. p. 3.)</b>			
1848	<i>Cr. by</i>		
Oct. 2	Prints.....	A 1	3,000 —
4	Sundries.....	A 1	3,250 —
16	Cash .....	C 4	2,600 —
23	Do. ....	C 4	2,680 —
Dec. 30	Balance, cost of our $\frac{1}{4}$ of goods unsold .....	F 10	806 25
			11,836 25
<b>Poughkeepsie.</b>			
1848	<i>Cr. by</i>		
Oct. 21	Bills Receivable, No. 15.....		90 20
<b>Newburg.</b>			
1848	<i>Cr. by</i>		
Dec. 30	Suspense Account.....	F 9	72

		<b>William Fleece,</b>			
1848		<i>Dr. to</i>			
Sep.	25	Muslin.....	S 2	20	18
		<b>Adventure to Marseilles,</b>			
1848		<i>Dr. to</i>			
Oct.	30	Sundries, our t.....	D 4	3,000	28
		<b>Halsted &amp; Brown,</b>			
1848		<i>Dr. to</i>			
Dec.	30	Balance .....	F 10	168	—
		<b>Interest and</b>			
1848		<i>Dr. to</i>			
July	5	Abatement to S. Dewitt.....	C 1	6	—
Aug	11	Bills Payable.....	C 2	58	34
	15	Uncurrent and foreign money.....	C 2	2	41
Oct.	7	Bills Receivable.....	C 3	33	83
	11	Bills Payable.....	C 3	82	08
Nov	5	William McAlister.....	C 4	2	41
	15	Brooks & Lazear.....	C 4	1	33
	16	Bills Receivable.....	D 5	20	49
Dec.	29	Johnson & Bros.' Acct. Proper.....	D 6	94	36
	30	P. Stephen's salary.....	D 5	2	19
	"	E. Lawrence.....	D 6	7	85
				261	29
		<b>Commission</b>			
1848		<i>Dr. to</i>			
Dec.	30	Balance.....	F 9	2,424	30

<b>Nyack.</b>				
1848	<i>Cr. by</i>			
Dec. 30	Loss, claim desperate.....	F 9	20	16
<b>Co. C.</b>				
1848	<i>Cr. by</i>			
Dec. 30	Balance, cost of our $\frac{1}{2}$ .....	F 10	8,000	28
<b>Peck's Slip.</b>				
1848	<i>Cr. by</i>			
Dec. 18	Muslin.....	P 2	168	—
<b>Discount.</b>				
1848	<i>Cr. by</i>			
Sep. 28	Bills Receivable.....	C 3	10	24
Oct. 11	Do. do. ....	D 3	87	72
Dec. 18	McAlpin & Baird's C. ....	D 5	9	35
"	Do. do. Acct. Proper.....	D 5	21	62
23	Bills Receivable.....	C 5	1	56
29	Johnson & Bros.' C. ....	D 5	58	70
30	Sundries.....	D 6	6	74
"	Balance.....	F 9	115	36
			261	29
<b>Account.</b>				
1848	<i>Cr. by</i>			
July 31	Shipment to Havana, Co. A.....	D 2	84	98
Aug 11	Do. to W. Gibson.....	D 2	62	99
Oct. 2	Do. to Pezron & Co.....	D 3	85	60
7	Do. to Johnson & Bros.....	D 3	49	25
Dec. 18	McAlpin & Baird's C.....	D 5	210	60
29	Johnson & Bros.' C.....	D 5	829	70
30	Brig Blackbird.....	D 6	33	75
"	Mdse. Co. B.....	D 6	497	31
"	Mdse. Co. B, No. 2.....	D 6	670	12
			2,424	30

<b>Suspense</b>			
<i>Dr. to</i>			
1848			
Dec. 30	Bills Receivable, No. 15. ....	F 2	90 20
"	Charles Hammersmith. ....	F 7	72 —
			162 20
<b>Profit and Loss</b>			
<i>Dr. to</i>			
1848			
July 10	Draft in favor of Lee & Co. ....	C 1	18 55
21	Do. do. Bishop & Co. ....	C 1	20 —
Sep. 1	Shipment to Charleston. ....	D 2	59 41
4	Bills Receivable. ....	C 8	250 44
18	Counterfeit note. ....	C 3	5 —
23	Brooklyn fire subscription. ....	C 3	10 —
Oct. 21	Postage. ....	C 4	— 29
Dec. 9	Bills Receivable. ....	D 5	6 41
23	Do. do. ....	C 5	235 20
30	Brig Blackbird. ....	F 2	59 47
"	Store Furniture. ....	F 5	7 84
"	Adv. to Hamburg, Co. B. ....	F 7	40 97
"	William Fleece. ....	F 8	20 16
"	Interest and discount. ....	F 8	115 36
"	Suspense Account. ....	F 9	162 20
"	E. Lawrence's two-fifths of net gain... \$2,361.88	F 3	
"	J. Ferguson's do. do. do. ... 2,361.87	F 3	
"	P. Stephen's one-fifth do. do. ... 1,180.94	F 3	
	Total net gain. ....		5,904 69
			6,910 99
<b>Frederic Richter,</b>			
<i>Dr. to</i>			
1848			
Dec. 27	Adv. to Hamburg, Co. B, our $\frac{1}{4}$ , 3,806 marcs banco	D 5	1,870 16
30	Balance. ....	F 10	8,851 76
			9,721 92

<b>Account.</b>			
<i>Cr. by</i>			
1848			
Dec. 30	Balance.....	F 9	162 20

<b>Account.</b>			
<i>Cr. by</i>			
1848			
Aug 14	Draft on W. Gibson.....	C 2	38 73
Oct. 5	Brokerage.....	D 3	8 75
21	Bills Receivable.....	D 4	150 —
Dec. 18	Storage of McA. & B.'s C.....	D 5	1 —
29	Do. of J. & B.'s C.....	D 5	2 50
30	Do. of Mdse. Co. B.....	D 6	25 —
"	Do. of Mdse. Co. B, No. 2.....	D 6	10 —
"	Mdse.....	F 1	2,351 04
"	Ship. to Havana, Co. A.....	F 5	347 38
"	Mdse. Co. B.....	F 6	624 32
"	Ship. to New Orleans.....	F 7	491 73
"	Mdse. Co. B, No. 2.....	D 9	236 24
"	Commissions.....	F 8	2,424 30
			6,910 99

<b>Hamburg</b>			
<i>Cr. by</i>			
1848			
Sep. 18	Mdse. Co. B, No. 2, our $\frac{1}{2}$ .. 8,750 marcs banco..	D 3	3,062 50
Dec. 30	N. P. of Mdse. Co. B, his $\frac{1}{2}$ .....	D 6	3,666 92
"	N. P. of Mdse. Co. B, No. 2 his $\frac{1}{2}$ .....	D 7	2,992 50
			9,721 92

<b>John Mac-Gregor,</b>			
<i>Dr. to</i>			
1848			
Aug. 29	Linen.....	S 2	740 —
Dec. 30	Balance.....	F 10	80 —
			820 —
<b>Johnson &amp; Brothers,</b>			
<i>Dr. to</i>			
1848			
Oct. 7	Sundries.....	D 3	1,774 25
" 21	Cash .....	C 3	245 —
" 21	Sundries.....	D 4	1,650 —
Dec. 18	Draft on McA. & B.....	D 5	383 71
29	Do. on Baring & Co. for £1,180.13.10 $\frac{1}{4}$ .....	C 5	5,772 28
"	Postage .....	C 5	— 58
			9,825 82
<b>McKeen &amp; Patterson,</b>			
<i>Dr. to</i>			
1848			
Oct. 30	Sundries.....	D 4	280 12
<b>Estate of</b>			
<i>Dr. to</i>			
1848			
Dec. 30	Bills Payable, Nos. 7, 8 & 9, now held against us	F 1	2,285 —
"	Elijah Lawrence, bal. on private account.....	F 3	1,062 35
"	Walter Gibson, balance of account.....	F 4	12,450 78
"	Halsted & Brown, do. do. ....	F 8	168 —
"	Frederic Richter, do. do. ....	F 9	8,351 76
"	John Mac-Gregor, do. do. ....	F 10	8 —
"	Balance, net capital.....		30,901 69
			55,302 58

<b>Pearl street.</b>			
1848	<i>Cr. by</i>		
Nov. 29	Cash.....	C 4	740 —
Dec. 23	Gingham.....	P 2	80 —
			820 —
<b>Liverpool</b>			
1848	<i>Cr. by</i>		
Dec. 29	N. P. of C. per Apollo, due 20th Oct.....	F 4	9,731 46
„	Interest.....	D 6	94 36
			9,825 82
<b>Water street.</b>			
1848	<i>Cr. by</i>		
Dec. 30	Balance.....	F 10	280 12
<b>Lawrence &amp; Co.</b>			
1848	<i>Cr. by</i>		
Dec. 30	Cash, bal. on hand.....	F 1	20,082 88
„	Mdse., value of goods on hand.....	F 1	17,955 56
„	Bills Receivable, Nos. 12 & 16, now held by us	F 2	7,399 —
„	Brig Blackbird, present value of our $\frac{1}{2}$ .....	F 2	4,200 —
„	Store Furniture, present value.....	F 5	210 —
„	Mdse. Co. B, No. 2, cost of our $\frac{1}{2}$ of goods unsold	F 7	306 25
„	Adv. to Marseilles, Co. C, cost of our $\frac{1}{2}$ .....	F 8	3,000 28
„	James Ferguson, bal. on private account.....	F 3	310 60
„	Peter Stephens, do. do. do. ....	F 3	101 14
„	Pezron & Co., balance of account.....	F 4	1,406 75
„	Wm. McAlister, do. do. ....	F 7	50 —
„	McKeen & Patterson, do. do. ....	F 10	280 12
			55,302 58

*Trial Balance for six months, ending Dec. 30th, 1848.*

AMOUNT OF TRANSACTIONS.			AMOUNT OF LEDGER POSTINGS.					
			<i>Dr. side.</i>			<i>Cr. side.</i>		
	\$	cts.	Fol.	\$	cts.	Fol.	\$	cts.
Cash-book .....	93,728	47	1...	110,437	06	1...	77,234	66
Purchase-book ....	33,561	59	2...	41,521	13	2...	29,546	75
Sales-book .....	15,606	94	3...	705	—	3...	26,354	50
Agency Sales-book.	24,815	84	4...	28,800	93	4...	43,176	36
Day-book. ....	66,726	24	5...	13,784	17	5...	13,913	71
			6...	11,301	34	6...	19,782	31
			7...	11,795	7	7...	18,717	64
			8...	3,275	38	8...	1,530	31
			9...	1,970	16	9...	3,263	48
			10...	10,845	34	10...	914	36
	234,434	08		234,434	08		234,434	08

*Balance Sheet of Lawrence & Co., Dec. 30th, 1848.*

<i>Effects.</i>		Vol.	\$	cts.
Cash on hand, . . . . .	1		20,082	88
Merchandise, value on hand, . . . . .	1		17,955	56
Bills Receivable, . . . . .	2		7,399	—
Brig Blackbird, value of their half, . . . . .	2		4,200	—
Store furniture, . . . . .	5		210	—
Mdse Co. B, No. 2, value of their third of goods unsold, . . . . .	7		306	25
Adventure to Marseilles, Co. C, value of their third, . . . . .	8		3,000	28
James Ferguson owes, on private account, . . . . .	3		310	60
Peter Stephens owes " " " . . . . .	3		101	14
Pezron & Co. owe . . . . .	4		1,406	75
William McAlister owes . . . . .	7		50	—
McKeen & Patterson owe . . . . .	10		280	12
Total, . . . . .			55,302	58
<i>Liabilities.</i>				
Bills Payable, . . . . .	1		2,285	—
Owing to Elijah Lawrence, on private account, . . . . .	3		1,062	35
" " Walter Gibson, . . . . .	4		12,450	78
" " Halsted & Brown, . . . . .	8		168	—
" " Frederic Richter, . . . . .	9		8,351	76
" " John McGregor, . . . . .	10		80	—
" " Elijah Lawrence, for his $\frac{2}{3}$ of net capital, . . . . .	3		12,361	88
" " James Ferguson, " " $\frac{2}{3}$ " " " . . . . .	3		12,361	87
" " Peter Stephens, " " $\frac{1}{3}$ " " " . . . . .	3		6,180	94
Total, . . . . .			55,302	58

*Summary of Lawrence & Co.'s Profit and Loss Account, for  
the six months ending December 30th, 1848.*

	Fol.	\$	cts.
Sundry profits, . . . . .	10	235	98
Profit on Merchandise, . . . . .	1	2,551	04
"    "    Shipment to Havana, Co. A, . . . . .	5	347	38
"    "    Mdse., Co. B, . . . . .	6	624	32
"    "    Shipment to New Orleans, . . . . .	7	491	73
"    "    Mdse., Co. B, No. 2, . . . . .	7	236	24
"    "    Commissions, . . . . .	8	2,424	30
<b>Total of Profits, . . . . .</b>		<b>6,910</b>	<b>99</b>
Sundry losses, . . . . .	10	600	30
Loss on their half of the Blackbird, . . . . .	2	59	47
"    "    Store furniture, . . . . .	5	7	84
"    "    Adventure to Hamburg, Co. B, . . . . .	7	40	97
"    "    William Fleece's account, . . . . .	8	20	16
"    "    Interest and discount, . . . . .	8	115	36
Doubtful debts, . . . . .	9	162	20
<b>Total of Losses, . . . . .</b>		<b>1,006</b>	<b>30</b>
E. Lawrence's $\frac{2}{3}$ of net gain is . . . . .	3	\$2,361.88	
J. Ferguson's $\frac{2}{3}$ " " " " . . . . .	3	2,361.87	
P. Stephens' $\frac{1}{3}$ " " " " . . . . .	3	1,180.94	
<b>Total net gain, . . . . .</b>		<b>5,904</b>	<b>69</b>
		<b>6,910</b>	<b>99</b>
P. STEPHENS, 30th Dec., 1848.			

## Section IX. The Memorandum-book.

THE form and general uses of the Memorandum-book are the same as in Part II. But in addition to the entries there mentioned, the Merchants' Memorandum-book will contain minutes of orders for goods, taken from letters, invoices of goods received to be sold on commission, notices of the sailing of ships, &c. The few following examples will sufficiently illustrate these particular uses.

New York, July 1st, 1848.

Received from Johnson & Brothers, Liverpool, per  
Apollo, Hinds, to be sold on their account,  
4 bales cloth, viz.:

Bale No. 1, 20 pieces, 840 yds., black, at 14s.

" " 2, 22 " 670 " blue, at 16s.

" " 3, 19 " 704 " black, at 14.6.

" " 4, 20 " 805 " " at 13s.

We are allowed for commission and guarantee 6  
per cent.

Last sold,  
Sep. 27th,  
1848.

15. \_\_\_\_\_  
Agreed with J. & D. Wood, for repairing the  
Blackbird, as per contract.

All settled,  
24th July.

29. \_\_\_\_\_  
We have re-appointed William Traill captain of the  
Blackbird, as per agreement, and have fitted out  
the vessel for a voyage to Havana.

July 31st, 1848.

We have entered into company with Benson & Smith, Pine street, in a speculation per Blackbird to Havana, (styled <i>Co. A.</i> ) the expenses and the gain or loss to be equally shared between us; we to have the management, and to be allowed 2 per cent. commission.	All settled, Dec. 30th.
August 3d.	
The Blackbird sailed this afternoon, on a voyage to Havana.	Arriv. at N. Y. Oct. 18.
9.	
Exchanged notes with Horton & Burgess, for mutual accommodation, at 60 days, for \$5,000.	All settled, Dec. 30th.
15.	
We have entered into an engagement with Walter Gibson, New Orleans, and Frederic Richter, Hamburg, to make consignments to each other on joint account. Each party is one third concerned, guarantees his own sales, and is to have a commission of $2\frac{1}{2}$ per cent. on purchases, and 5 per cent. on sales. This engagement is denominated <i>Co. B.</i>	
16.	
Received from McAlpin & Baird, Glasgow, per Clyde, Kennedy, to be sold on their account, 2 bales black cassimer, viz. : Bale No. 1, 21 pieces, 754 yds., at 7s. " " 2, 22 " 792 " at 6.6.	Last sold, Oct. 9th.
17.	
Received from Walter Gibson, per Seagull, Brander, to be sold on acct. of <i>Co. B.</i> , 300 bales cotton, as per Invoice No. 4, amounting, including charges, to \$9,128.44. These goods are denominated <i>Mdse. Co. B.</i>	All sold, Dec. 30th.
31.	
Advised by Isaiah Porter of the loss of the Never-sink, with the whole of our consignment, on the 23d current.	Insurance recovered, Sep. 1.
September 2d.	
Received an order from Pezron & Co., Havre, for 200 bales N. O. cotton, to be shipped with all convenient dispatch.	Goods shipped, Sep. 20th.

September 5th, 1848.

Advised by Frederic Richter, Hamburg, that he shipped per Holstein, Wittich, on the 14th ult., a quantity of linen, on acct. of Co. B.

Arrived,  
Sep. 18th.

18.

Received the above consignment, viz. :

20 cases linen, numbered in order, each containing  
40 pieces of 25 yds., at 1 marc banco and 4  
schellings per yd., . . . . . 25,000 marcs.  
Charges, . . . . . 1,250 "

26,250 marcs.

Amount, at 35 cts. per marc, . . . . . \$9,187.50

This lot of goods is denominated *Mdse. Co. B,*  
*No. 2.*

October 23d.

Shipped to Boston, per Phineas, Dobson, consigned  
to Luther Stryker, to be sold on account of  
*Mdse. Co. B*, 100 bales cotton, Nos. 101 to 200,  
as per Invoice No. 4, 41,150 lbs., cost 6 cents  
per lb., . . . . . \$2,469

Returns  
received,  
Dec. 26th.

November 11th.

The Blackbird sailed this afternoon, on a voyage to  
Liverpool, with a fair wind.

## Section X. The Letter-book.

Contents of this book—Style proper for business letters—Why forms are of little use—Qualifications necessary for letter-writing—Examples of commercial letters.

THIS book contains copies of all letters which you dispatch on business, and of all accounts sales, accounts current, and invoices forwarded to your correspondents. The latter documents are frequently kept in separate books, called *Account Sales-book*, *Account Current-book*, and *Invoice-book Outward*. But it is better to copy them beside the letters with which they were transmitted,\* as this plan saves trouble whenever you have occasion to refer from one to the other, and also obviates the evils attendant on an unnecessary multiplication of books.

Business letters should always be as clear and concise as possible. It is unnecessary to point out the evils of obscurity or ambiguity; and if a person is foolish enough to spend his own time in writing unnecessary words, he still has no right to take up the time of his correspondents in reading them. An extensive series of examples would swell the present book much beyond its proper limits, and would, after all, be of little use to the learner: for circumstances are so diversified that a large volume would not illustrate one quarter of the cases which actually occur in business. Common sense, a knowledge of business, and an ordinary command of the English language, combined with habits of close attention to the subject in hand, will form sufficient guides. I therefore subjoin only a few examples, merely to give the learner a notion of the form and style of commercial correspondence.

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\* Instead of copying off in the old way, much labor is saved and perfect accuracy secured by using a copying machine. Any invoice or account can easily be found by means of the date.

THE LETTER-BOOK.

1. *Consigning Goods, to be sold on Commission.*

LIVERPOOL, June 10th, 1848.

GENTLEMEN,

Inclosed is an Invoice of cloth, consigned to you per Apollo, Hinds, to be sold on our account. The vessel sailed on the 31st ultimo.

Having perfect confidence in your qualifications, we leave the sales entirely to your discretion. We have only to add that we wish the sales guaranteed, and that we are willing to allow you 6 per cent. for commission and guarantee, which, we believe, is the usual charge in your city. We are

Your obt. servants,  
JOHNSON & BROTHERS.

To Messrs. Lawrence and Co.,  
New York.

2. *Acknowledging the Receipt of a Consignment.*

NEW YORK, 1st July, 1848.

GENTLEMEN,

This day we had the pleasure of receiving your consignment of cloth by the Apollo, for which favor we return our best thanks. You may rest assured that nothing shall be wanting on our parts to effect the most advantageous sales possible. At the same time we must inform you that business is unusually dull in our market at present, and that high sales are not to be expected.

We are satisfied with the offer contained in your favor of the 10th ult. and guarantee the sales, on the conditions you mention.

We remain

Yours very respectfully,  
LAWRENCE & Co.

Messrs. Johnson and Brothers,  
Liverpool.

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## MERCHANTS' BOOK-KEEPING.

### 3. *Rendering Accounts.*

NEW YORK, 29th December, 1848.

GENTLEMEN,

We have the pleasure of transmitting you herewith the Account Sales of your consignment by the Apollo, your Account Current, with the interest calculated to this date, and a draft on Baring, Bros. and Co. for the balance of your account, amounting to \$5,772.28, exchange at 10 per cent. If you find all correct, please state in conformity.\*

The sales have been decidedly low: but the market was so overstocked, and trade so dull, that we think no advantage would have been derived from holding out for higher prices. Grateful for your favors, and waiting your further orders, we remain

Your most obedient,

LAWRENCE & Co.

Messrs. Johnson and Brothers,

Liverpool.

### 4. *Giving Orders to ship Goods.*

HAVRE, August 16th, 1848.

GENTLEMEN,

We shall be much obliged by your purchasing for us, and forwarding by the first convenient opportunity, 200 bales best New Orleans cotton, trusting you will procure the goods at the lowest prices. We presume the inclosed draft on Emile Debure for \$7,500 will cover the cost. If not, we shall be happy to accept your draft for the balance.

We are,

Gentlemen,

Your most obedient servants,

PEZRON & Co.

To Messrs. Lawrence and Co.,

Merchants, New York.

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\* To state or pass in conformity is, to acknowledge the correctness of an account by letter.

THE LETTER-BOOK.

5. *Shipping Goods.*

NEW YORK, October 2d, 1848.

GENTLEMEN,

We have this day been advised by our New Orleans correspondent, that he shipped on the 20th ult. by the Napoleon, Astruc, 200 bales of the best N. O. cotton, consigned to you, agreeably to the instructions contained in your esteemed favor of the 16th August. We have so much confidence in our correspondent's abilities and knowledge of the market, that we have little doubt the goods will give you entire satisfaction.

Inclosed you will find the Invoice and Bill of Lading.\*

We remain

Your obedient and most obliged,

LAWRENCE & Co.

To Messrs. Pezron and Co.,

Havre.

6. *Advising of Goods being lost.*

CHARLESTON, August 25th, 1848.

GENTLEMEN,

I am sorry to inform you that the Brig Never-sink, with the whole of your consignment, was lost on the 23d current, off Cape Fear. Every exertion was used to save the vessel and cargo, but to no purpose. Hoping that this will not

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\* A *Bill of Lading* is a writing executed by the master or captain of a vessel, acknowledging the receipt of freight, and binding himself to deliver it at the port of its destination "in good order and condition," on payment of the proper dues, "the danger of the seas only excepted." Three copies of every bill are generally made out. The captain retains one for himself, to enable him to make out his *manifest*, which is a particular account of the cargo, that he must give in at the port of destination before he can land any goods. Another copy is given to the shipper; and the third is forwarded to the consignee, whom it identifies as the proper person to receive the goods.

MERCHANTS' BOOK-KEEPING.

prevent you from making future consignments to our market,  
and that they may escape such misfortunes,

I remain, Gentlemen,

Yours very respectfully,

ISAIAH PORTER.

Messrs. Lawrence and Co.,

New York.

7. *Advising of a Bill being dishonored.*

NEW YORK, October 5th, 1848.

GENTLEMEN,

We regret to advise you that your draft on James Desnoyers, in favor of Benson & Smith, due this day, has been protested for non-payment. For your honor we have paid Benson & Smith the amount, . . . \$1,750.50  
Our brokerage,  $\frac{1}{2}$  per cent., is . . . 8.75

At your debit, \$1,759.25

We consider it our duty to inform you the state of Mr. Desnoyers' affairs is such that an assignment for the benefit of his creditors is expected daily. We remain

Your most obedient,

LAWRENCE & Co.

Messrs. Pezron and Co.,

Havre.

8. *Acknowledging the Receipt of Accounts and Draft.*

NEW YORK, October 18th, 1848.

SIR,

We had this day the pleasure of receiving your favor of the 28th ult. inclosing the Account Sales of our consignment by the Blackbird, and your draft at sight on M. Herrera for the balance due us, which has been duly cashed. We also received the inclosed account of expenses incurred in repairing the vessel; and we find both accounts correct.

From the result of this small speculation, and the account

THE LETTER-BOOK.

you give of the state of your market, you may expect a larger consignment next spring. We remain,

Dear Sir,

Yours very respectfully,

LAWRENCE & Co.

To Philip Linares, Esq.,

Havana.

9. *A Letter of Introduction.*

HAVANA, September 28th, 1848.

GENTLEMEN,

I beg to introduce to your honorable house the bearer, my particular friend, Senor James Diaz, of this place. He visits your city on business, and I shall feel much obliged by any attention you may show him. I am,

Gentlemen,

Your most obedient servant,

PHILIP LINARES.

To Messrs. Lawrence and Co.,

New York.

10. *A Letter of Credit.*

BUFFALO, September 11th, 1848.

GENTLEMEN,

The bearer, Mr. Galen Otis of this place, is desirous of purchasing from you, partly on credit; and you may consider me responsible for him, to any amount not exceeding \$6,000. Please give me timely notice, if he should fail to fulfil his engagements to you. I am,

Gentlemen,

Yours respectfully,

ABRAHAM BRADFORD.

Messrs. Lawrence and Co.,

New York.

## Section XI. Modifications of the preceding Set of Books.

Method of proceeding—1st, In an Individual Concern—2d, When a new Partner is introduced—3d, When a Partner withdraws, and the rest continue the business—4th, Where a firm transact no commission business—5th, Where goods are sold only by the package—6th, Where the business is exclusively on commission—Possible simplification of the preceding plan, applicable to every case—Why no Bill-book appears, nor a Bank Check-book.

THE preceding books are such as would be suitable for a partnership concern, engaged in a wholesale, shipping and commission business; and they would require to undergo various modifications, to adapt them to other circumstances. The principal of these we shall briefly point out.

1st. In an individual concern, the partners' Leger accounts would be superseded by a *Stock Account*, similar to that in the Leger of Part II. This is the only change that would be required, unless the owner would like to abridge the *Stock* by opening an *Expense Account*, where would be entered everything withdrawn for private use; and the balance would be transferred to *Stock* at the time of taking a general balance.

2d. If another partner is introduced, the Leger may be balanced, an account opened for the new member, and the books kept as before. Or you may simply ascertain the net capital of each of the old partners, and minute it in the Memorandum-book, with such additions as may be necessary to show, when you come to take the next balance, everything which cannot then be learned from the books. In estimating the old members' net capital, doubtful debts due them must be omitted; and if any part of these should afterwards be recovered, it will be put down to their credit, unless they prefer retaining the amount.

3d. When a member withdraws, and the rest continue the business, they must either balance the Leger, or ascertain the

## MODIFICATIONS OF THE PRECEDING BOOKS.

state of their affairs, and minute the sums to be debited and credited in the Day-book. If they have bought out the interest of the retiring partner, they give him credit for anything that may be due him, not already entered in his account, debit him for every payment until he is paid up, and continue the books as before. If he should happen to be indebted to the firm, they of course debit him for the amount, and credit him for his subsequent payments.

If they do not buy out the interest of the retiring member, it would cause much trouble and confusion to continue the transactions of the new firm in the old books; and therefore they open a new set of books, and enter in the old every transaction on account of the old firm, until its affairs have all been closed up. The learner will understand that the two sets of books are in this case as distinct as those of two unconnected establishments.

When there is a general dissolution of a partnership, and a final settlement made, they proceed as explained in Part I., Sect. IV.

4th. When a firm transact no commission business, the Agency Sales-book will not, of course, be required; nor will any Consignment accounts appear in the Leger. The books will undergo no other change.

If they deal on their own account exclusively, to a moderate extent, they may record the purchases and the sales in the same book, to be called the *Merchandise-book*, entering the purchases in inner, and the sales in outer money columns, and keep the other books as in the preceding case.

5th. If they sell goods only by the package or vessel, it will be convenient to keep a *Stock-book*. On the left hand page are entered the quantities and marks of the various kinds of goods, and opposite, on the right hand page, the successive sales. The object of the book is to enable the salesman to find readily the amount of any kind of goods on hand. This he can easily do by subtracting the sum of the sales on the right hand from

the total amount of goods on the left. This book cannot well be kept by persons who sell in smaller quantities, owing to the great number of sales. The other books of a firm who sell in large quantities would be essentially the same as a jobber's, although, as the sales of the former are larger and fewer, their accounts generally contain fewer particulars.

6th. If the business be exclusively on commission, no Purchase-book or Sales-book will be required; no Merchandise account will appear in the Leger; and the books will otherwise be kept as in the preceding Sections, except that the directions in Section II., regarding cash purchases and sales, will not be applicable.

When the partners require to know the exact amount of gain or loss on *Interest*, *Commission*, and the other accounts auxiliary to the general Profit and Loss account, and at the same time wish the Leger to exhibit a summary of their cash and merchandise transactions, it will be necessary to keep the Leger essentially as directed in Section VIII. But if they are not particular on these points, the book-keeper may save much labor by omitting in the Leger all the Profit and Loss accounts, as well as those of Merchandise and Cash. This will render it unnecessary to minute the total of receipts and payments in the Cash-book, or that of purchases and of sales in the Purchase-book and the Sales-book. In making out the Estate Account, the cash on hand can be entered from the Cash-book, and the goods on hand from the entry in the Day-book. Every particular regarding cash or merchandise can be found out readily from the Cash-book, the Purchase-book and the Sales-book. If this plan is adopted, and the business should not be extensive, all the original accounts may be recorded in the Cash-book and Day-book, as in Part II., only that on account of the more varied and complicated nature of the transactions, the latter book should be expressed in common language.

If a Merchandise-book should be requisite, the purchases and sales need not be entered in different columns; and the com-

## MODIFICATIONS OF THE PRECEDING BOOKS.

mission sales can be entered in the same book. If these and their own sales, along with the purchases, be too extensive for one book, two books of original entry may be kept, besides the Cash-book—a *Day-book*, for purchases, and all miscellaneous transactions, besides those belonging to the Cash-book, and a *Sales-Book*, for all sales, not belonging to the Cash-book, whether of their own or of commission goods. If the plan here explained should be adopted, these two books, along with the Cash-book, will be the only original books of accounts required in most cases.

The plan just described will save labor in making the original entries, in posting, and in comparing the books. By retaining in the Leger accounts of every kind of property whose value cannot be readily ascertained from other books, it possesses the main advantage of double, while it has much of the simplicity of single entry. It is true that the equilibrium of the Leger will be destroyed, trial balances put out of the question, and the vaunted agreement between the Estate and the Profit and Loss accounts will vanish, with the total disappearance of the latter. But we have already seen how little all these are worth. It will also be impossible to determine the exact amount of gain or loss by Interest, Commission, &c. But this also is generally not a matter of much consequence; for a person need seldom be at a loss to know whether a particular branch of his business yields much, little, or nearly no profit; and as to the exact figure, it is sometimes a matter of curiosity rather than of practical importance. As this plan differs from that discussed in the preceding sections only in dropping those parts just pointed out, the learner who has mastered the latter can have no difficulty in carrying out the former, if he should prefer it; and therefore I leave him to choose between them, with the single additional observation that the saving of time and labor is sometimes of more value than a knowledge of the odd cents or dollars made or lost by interest or discount.

No trace is found in this work of a *Bill-book*, which figures

largely in all other treatises on Double-entry Book-keeping. This omission has been made deliberately. The Leger accounts of *Bills Payable* and *Bills Receivable* contain a summary of all bill transactions, with references to the original entries, where can be found any additional information that may be requisite, quite as well, if not better, than in any Bill-book.\* This book does not enable the book-keeper to dispense with other entries of the same transactions in the original books. Hence it imposes labor to no purpose.

Those who have running accounts with banks frequently keep a *Check-book*, and a *Pass-book*. The latter consists merely of memorandums of every sum deposited or withdrawn, written by a teller or some other bank officer: and therefore it requires no further explanation. In the *Check-book*, the deposits are entered in one set of columns, and the sums withdrawn in another, frequently accompanied with a statement of the purpose to which they are applied, and a copy of the check sent to the bank. This book is one of several which give trouble to no purpose. Bank deposits are cash transactions, and must therefore be entered in the *Cash-book*. The checks can be easily entered in the *Day-book* when they do not belong to the *Cash-book*; and the Bank's Leger account will always show how you stand.

Another book sometimes kept is, a *Receipt-book*. There is no objection to pasting all receipts into a book kept for the purpose, except the trouble and the waste of paper: and the practice of writing the receipts originally in a book is very convenient, where all the receipts can be so written: but where they cannot, it is better either to keep no such book, or to have one fitted to have all receipts pasted in it.

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\* The arrangement of a Bill-book, with its immense array of columns, renders a person very liable to slide from one line to another; and there is more time generally lost in learning the particulars than if they were stated in *Day-book* form.

## APPENDIX.

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### Section I. Bills, Invoices and Inventories.

Meaning of the word *bill* in this section—Two kinds of bills, those of goods and those of services—How written—*Invoices*—Only a class of bills—How made out—Long and short prices—Drawbacks and Debentures—*Inventories*—Examples.

A *bill*, in the present acceptation of the word, is an account of goods sold or delivered, or of services rendered, with the amount charged for each item annexed. It is made out by the person to whom the sum is due, and given to the party from whom it is owing. A bill of goods is generally called *a bill of parcels*. If the goods are all sold at one time, the date is written at the top, as in Example 1st: otherwise the date of every transaction is given immediately before the statement, as in Example 2d. Such bills become necessary when a person demands a statement of various transactions at the time of settling. If bills of each transaction were given at the time, and the particulars are not required, it is sufficient to say, under the various dates, "To Cloth," "Sundries," "Groceries," &c., as the case may be, and add "as per bill rendered," as in Example 3d.

If the amount of a bill is paid at the time it is given, this is acknowledged by writing on the bill *Received Payment*, and signing it by the claimant or his agent. In the latter case, it is signed as in Example 2d, or thus: "*Adam Beck, per James Underwood.*"

## APPENDIX.

When no statement is subjoined to a bill of parcels, it is understood that ordinary credit is given, and that it is charged in account. Hence it is not necessary to write on the bill "charged in account," as some direct. If the credit be for a longer or shorter period than usual, the term should be mentioned on the bill. Bills for services are understood to be due when they are presented.

If payment of a bill is made by giving a note of hand, the mode should be mentioned, that in case of any future difficulty, it may appear why the note was given, and how the bill was settled. When a payment has been made, or something received from the party who gets the bill, he is credited for the amount, as you may see in Example 4th.

An *Invoice* is simply a bill of parcels made out for a distant purchaser or agent; and it differs chiefly in the preamble, and the mode of describing the goods. Instead of mentioning simply the quantity and price, it describes the goods by packages or vessels, and gives the marks on each, so that any one can be readily identified. Some write the marks in a margin left for that purpose: but this narrows the whole page for the sake of two or three words or letters. It is better to subjoin the general marks to the description, as in the examples. The prices of goods consigned to an agent are always given, partly for his guidance in fixing the selling price, and partly to determine the amount of *ad valorem* duties, or those charged on the value, and not the quantity of the goods. But the amount of charges need not be stated, as that is a subject with which the agent is not concerned.\* When goods are purchased on com-

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\* The charges, however, are frequently stated in such invoices as particularly as in those of goods shipped to order. For this, however, there is no occasion. The total amount of charges *may* be given, as that *might, possibly*, be of some use to the agent, although it scarcely ever is; for what he wants to know is the *comparative* and market cost of the goods. If he is fit for his business, he will know the amount of charges sufficiently near the truth for all his purposes.

## BILLS, INVOICES, AND INVENTORIES.

mission, the agent frequently copies into the Invoice only the gross amount, and refers for particulars to the seller's bill of parcels, which he transmits to his employer. This saves him trouble, and is sometimes more satisfactory to the latter.

In many countries, it is the practice to remit all duties on exported goods. This gives rise to what are called *long* and *short* prices. The *long price* is that charged on the article when it is consumed in the country, and of course includes the duty, whether impost or excise: the *short price* is that charged after the duties have been remitted. This is the price generally marked in invoices on which an *ad valorem* duty is charged. The amount remitted is styled a *drawback*; and the custom-house certificate of exportation is called a *debenture*. This entitles the holder to the drawback whenever he produces another document certifying that the goods have been landed at the destined port. When a commission merchant extensively exports goods on which there is a drawback, he opens a *Debentures' Account*, auxiliary to Profit and Loss.

Merchants generally append the letters E. E. (for Errors excepted) to invoices and other accounts signed by them: for by this means they reserve to themselves the right of correcting mistakes or supplying omissions, if any such should afterwards be discovered. Some write E. and O. E. (Errors and Omissions excepted); but as omissions come under the term errors, the O is unnecessary.

An *Inventory* is simply a catalogue of goods, with the prices generally annexed. It is so simple that a single brief example will suffice to make its nature quite apparent.

# APPENDIX.

## *Example 1st. An Ordinary Bill of Parcels.*

NEW YORK, October 14th. 1848.

Mr. Samuel Harris,

Bought of David D. Houston.

28 lbs.	sugar, at 50 cts. per 7 lbs.	. . . . .	\$2.00
4 "	coffee, at 12½ cts. per lb.,	. . . . .	0.50
10 "	smoked meat, at 10 cts. per lb.,	. . . . .	1.00
14 "	rice, at 4 cts. per lb.,	. . . . .	0.56
			<hr/>
			\$4.06

## *Example 2d. A general Bill of Parcels, with the particulars stated.*

Charles Denton, Esq.,

Bought of Adam Beck.

May 1st, 1848,	5 yds. brown tweed, at \$2.10,	. \$10.50
	trimmings, . . . . .	1.20
June 21st,	12 yds. Irish linen, at 75 cts.,	9.00
	4 cambric handkerchiefs, at \$1,	4.00
	¾ yd. satin, at \$2, . . . . .	1.75
July 10th,	4 yds. unbleached linen, at 45 cts.,	1.80
	1 French silk hdkf, . . . . .	0.75
		<hr/>
		\$29.00

Received payment, New York, July 31st, 1850,

for ADAM BECK,

JAMES UNDERWOOD.

## *Example 3d. A general Bill of Parcels, with the particulars not stated.*

David Campbell, Esq., Dr.

To Alexander Kippen.

1848.

May 25th, To Sundries, as per bill rendered, . . \$24.80

# ILLS, INVOICES, AND INVENTORIES.

June 21st,	To Stationery, " " "	5.50
Aug. 12th,	" Sundries, " " "	12.25
		<hr/> \$42.55

Received payment, *Aberfeldy*, Nov. 25th, 1848,

ALEX. KIPPEN.

## *Example 4th. A Mechanic's Bill.*

Peter Paywell, Esq., Dr.

To Charles Carpenter.

1848.

Sept. 20th,	To 120 ft. pine boards, at \$1.25 per 100 ft.,	\$1.50
	" 4 lbs. cut nails, at $2\frac{1}{2}$ cts.,	0.10
	" 1 lb. wrought nails,	0.06
	" 1 day's labor,	1.25
Nov. 6th,	" 3 do. in repairing roof, at 1.25,	3.75
	" 3 do. of John Prentice, at 1.00,	3.00
		<hr/> \$9.66

Cr.

Nov. 15th,	By Cash,	5.00
		<hr/> Balance, \$4.66

Received balance, Dec. 5th, 1848,

C. CARPENTER.

## *Example 5th. An Invoice of Goods, to be sold on Commission.*

Invoice of 4 boxes cotton goods, shipped by Lawrence & Co. on board the *Blackbird*, Traill master, for Havana, consigned to Philip Linares, merchant there, to be sold on account and risk of Benson & Smith, New York, and the shippers.\*

Box No. 1,	22 pieces $\frac{4}{8}$ prints, 512 yds., at 12 cts.,	61	44
	20 " $\frac{7}{8}$ " 460 " at 10 cts.,	46	—
Carry over,		107	44

\* See *Sales-book*, *Day-book* and *Memorandum-book*, under July 31st.

Carried over,				107	44
Box No. 2;	26 pieces $\frac{7}{8}$ muslin,	654 yds.,	at 16 cts.	104	64
	22 " $\frac{4}{4}$ "	510 "	at 20 cts.	102	—
	30 " $\frac{4}{4}$ "	1120 "	at 32 cts.	358	40
Box No. 3;	20 " $\frac{4}{4}$ cambric,	500 "	at 40 cts.	200	—
	22 " $\frac{4}{4}$ "	510 "	at 50 cts.	255	—
	10 " $\frac{4}{4}$ prints,	250 "	at 20 cts.	50	—
Box No. 4;	38 pcs. $\frac{7}{8}$ gingh'm,	1120 yds. blue,	at 20 cts.	224	—
	32 " $\frac{4}{4}$ "	840 " pink,	at 28 cts.	235	20
<i>P. L., Havana.</i>					
New York, July 31st, 1848. E. E.				1,636	38
P. STEPHENS.					

*Example 6th. Invoice of Goods shipped to Order.*

Invoice of cloth shipped by Lawrence & Co. on board the Triton, Howell master, for New Orleans, by order and for account and risk of Walter Gibson, merchant there, and to him consigned.\*

1 bale cloth, superfine black, 12 pieces, 370 yds., at \$6.70, . . . . .	2,479	—
<i>W. G., New Orleans.</i>		
<i>Charges.</i>		
Shipping charges, . . . . .	\$14.25	
Insurance on \$2,479, at 1 per cent., and policy \$1.25, . . . . .	26.04	
Postages, . . . . .	0.20	
Commission, 2 $\frac{1}{2}$ per cent. on \$2,519.49, . . . . .	62.99	103 48
At W. Gibson's debit, . . . . .	2,582	48
New York, August 11th, 1848. E. E.		
P. STEPHENS.		

\* See *Cash-book*, *Sales-book*, and *Day-book*, under August 11th.

### Example 7th. An Inventory.

Inventory of Goods given in to the Firm of Lawrence & Co. by James Ferguson, to account of Stock.

6000 yds. $\frac{1}{4}$ prints, at 12 cts., . . . . .	720 —
2000 " $\frac{1}{4}$ muslin, at 32 cts., . . . . .	640 —
1 piece tweed, 28 yds., at \$1.25, . . . . .	35 —
1 " cloth, superfine black, 32 yds., at \$4, . . . . .	128 —
2 pcs. black cassimer, 62 yds., at \$2.25, . . . . .	139 50
1300 yds. Welsh flannel, at 30 cts., . . . . .	390 —
250 " scarlet do. at 35 cts., . . . . .	87 50
	2,140 —
New York, 30th June, 1848.	
E. E.	
JAMES FERGUSON.	

## Section II Receipts.

What a receipt is—Essential requisites—Various kinds of receipts—Examples.

*A Receipt* is a written acknowledgment, signed by the giver, certifying that he has received a specified amount of money, or some other property. Receipts are expressed differently, according to circumstances. They should always contain the date; and the sum should be written in words, not in figures, so that it cannot easily be altered. They also generally contain the name of the place where they are given, although this is not material. The amount of a receipt for money is generally written in figures above or below. This is done merely for convenient reference, and is no essential part of the document,

## APPENDIX.

In case of any difficulty, reference is made exclusively to the statement in the body of the receipt. A receipt must always have the signature, or attested mark, of the giver; otherwise it is quite worthless. It is also vitiated by the signature being scored out.

When a receipt is for all that is due from the party, it is indicated simply by the term "*in full*," or "*in full of all demands*." When it is only for the whole of some one claim, this is indicated as in Example 2d. In all other cases, the particular thing for which the receipt is given should be mentioned.

### *Example 1st. A Receipt in full of all demands.*

Received from James MacGregor two hundred and eighty-four  $\frac{25}{100}$  dollars, in full of all demands.

Napanee, 7th August, 1848. ALEXANDER CUMMING.  
\$284.25.

### *Example 2d. A Receipt in full for a Particular Claim.*

Received from Aaron Sands twenty four  $\frac{85}{100}$  dollars, in full of my claim for blacksmith work.

Wallkill. 31st January, 1849. JOHN SMITH.  
\$24.85.

### *Example 3d. A Receipt for Money paid to Account.*

\$150. NEW YORK, October 23d, 1850.

Received from Jonas Harrington one hundred and fifty dollars, on account.

EUGENE CARR.

### *Example 4th. A Receipt for Goods.*

NEW YORK, 6th November, 1849.

Received from Jacob Pratt twelve tons of hay, in full of his contract to that effect, dated August 1st, 1848.

SAMUEL CAVALLO.

## PROMISSORY NOTES, DUE-BILLS, ETC.

### *Example 5th. A Receipt for a Note.*

NEW YORK, October 31st, 1850.

Received from Thomas Perkins his note of this date, at 60 days, for one hundred and twenty ~~ftt~~ dollars, being the amount due me for groceries supplied to his family since our settlement on the 1st of May last.

ALEXANDER STEWART.

### *Example 6th. A Receipt for an Instalment of a Note.*

Received from Edward Chisholm sixty dollars, in part payment of his note for two hundred dollars, due this day, which payment is indorsed upon the note.

New York, September 11th, 1849.  
\$60.

JAMES SHARPE.

## Section III. Promissory Notes, Due-bills, Orders and Drafts.\*

*Promissory Notes*—Parties concerned in them—Negotiable and Untransferable notes—Indorsement—Directions for drawing out notes—Mode of determining the time when a note falls due—Interest on notes—Advantage of notes over simple book debts—Accommodation notes—Joint notes—The Consideration—Protests—Rights and Duties of the various parties—Notes promising to deliver goods—*Due Bills*—Their Form—For what given—*Orders*—How made out—*Drafts*—How they differ from common money orders—Of two kinds—inland and foreign—Designations of the parties concerned—Acceptance—Accepted drafts liable to the same incidents as notes—Why three copies of a foreign draft are made out—Usance—Number of persons concerned in a draft—Use of drafts—Why sometimes above and sometimes below par—Difference between real and nominal par—Various forms of foreign drafts—Accepting and paying *supra-protest*—Rights and duties of the parties—Examples.

A *Promissory Note*, or *Note of Hand*, is a written promise to pay a certain sum of money, to some party mentioned, or

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\* The law regarding the subjects of this section is very extensive, and abounds with exceptions and refined distinctions. I have therefore confined myself to those points which all persons should know who deal with such documents. To give even an outline of the law of drafts and notes, would require a volume.

## APPENDIX.

his order, or simply to the bearer of the note, either on demand or at a certain time mentioned—generally so long after date. The person who gives the note is called the *giver*, *drawer* or *maker*. He must always sign the note. The person to whom the note is made payable is called the *payee*. A certain sum of money must be mentioned; and it must be payable absolutely and independent of contingencies. The person to whom it is payable must also be particularly pointed out. A defect in any of these respects renders a note invalid. If a note is made payable to a certain person, without any mention of *his order*, or *the bearer*, the payee only, or his legal representatives can sue for it, in case of non-payment. Such notes are said to be *untransferable*, or *not negotiable*. But where a note is made payable to a certain person, or *his order*, the payee can assign all his interest in the note to a third party by merely writing his name on the back of it, and delivering it to this party. This process is called *indorsing*: the party thus writing his name and transferring his interest in the note, is styled an *indorser*; and the person to whom the note is transferred is called the *indorsee*. The indorser, who merely writes his name on the back of the note, gives the indorsee the power to make the note payable to any person he sees proper: for he is allowed, at any time while he holds the note, to fill the blank before the name as he pleases. This power, however, is not generally exercised: hence many persons do not know the real nature of an indorsement. When complete, it would be a request, signed by the former holder, to pay the amount of the note to the person named. But as the blank can be filled at any time, by any rightful holder, it is generally not filled at all. When the party to whom the note is to be paid is mentioned, it is called a *special* or *full* indorsement: otherwise it is a *blank* indorsement. When once a note has been indorsed in blank, it passes by simple delivery, like one payable to bearer, although the subsequent indorsees generally obtain the signatures of their immediate indorsers, for their own security. In filling up the blank, it is

## PROMISSORY NOTES, DUE-BILLS, ETC.

not necessary to add "or order" to make the note transferable; for it is a principle of law that a note, originally negotiable, continues so, unless the negotiability be stopped by a special indorsement by the payee, or first indorser. Delivery is necessary to give effect to an indorsement. An indorser may bar the right of subsequent holders against him, by saying, "*Pay to —, without recourse on me,*" or "*Pay to —, at his own risk.*" Such indorsements, however, are not common. A note payable to *the bearer* requires no indorsing: payment can be demanded by the party in possession, who may also sue in case of non-payment. Bank-notes are merely promissory notes, payable on demand to the bearer. The person who possesses a note, and a legal right to demand payment when the note falls due, or sue in his own name in case of non-payment, is called *the holder*. Notes payable to order, or to the bearer, are said to be *transferable*, or *negotiable*, which term means that the holder can assign all his rights to another party by indorsing the former, or simply delivering the latter. The holder can sue the drawer and all subsequent indorsers, in case of non-payment, although he can recover no more than the amount, with costs and damages, from the whole; and hence if any of them pay it, the rest are exempt. If the last indorser has paid the note, he can sue the drawer, and preceding indorsers, and so on. But to entitle the holder to sue an indorser, he must give him timely notice of non-payment by the drawer, of whom payment must always be demanded, at the proper time and place, in the first instance.

The term *value received*, or *for value received*, is generally inserted in notes, to save any future difficulty as to whether value had been given; and although this term is not deemed absolutely essential, as value is always presumed, till the contrary be shown, it ought not to be omitted. The date, place, and time of payment, also, should be inserted. It is likewise proper to mention where the note is to be paid, whenever it is expected to be indorsed, or the holder does not expect to call

## APPENDIX.

at the drawer's place of residence. For if a certain place of payment is mentioned, the drawer is bound to attend there on the day the note falls due, for the purpose of paying the amount. The time when a note falls due is technically styled its *maturity* ; and the time between drawing and maturity is called the *term* of the note. When months are mentioned, *calendar* months are understood. Thus a note drawn on the 10th of October payable three months after date, becomes due on the 10th of January. No distinction is made between the long and the short months.

The holder frequently indorses a note to a party who pays him the amount, deducting the interest till it falls due. This is called *discounting* a note ; and the sum retained is called the *discount*. It is a general custom to allow three days after the time mentioned in the note before payment is demanded. These are called *days of grace* ; and in reckoning the time when a note falls due, they are always added. No allowance of this kind is made in the case of a note payable on demand or without any specified time of payment. In counting when a note falls due, it is the usual practice to exclude the day of drawing, and include the day of payment. Notes falling due on Sunday, or a national holiday, must be paid on the preceding day.

Every note which is not paid at maturity, bears legal or common interest from the time it falls due, although nothing may have been said or written on the subject. But if a note is designed to bear interest from *date*, it must be expressly mentioned in the note, or no time of payment should be mentioned : for in this last case interest accrues from date. On notes payable on demand, interest accrues from the time a demand is actually made, and not before, unless the contrary is expressly mentioned. When no rate is mentioned, ordinary or legal interest accrues.\*

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\* This remark applies to all other documents bearing interest, as well as to promissory notes.

## PROMISSORY NOTES, DUE-BILLS, ETC.

Notes are often taken for simple book debts, because, in case of difficulty, the creditor can recover the amount more easily, while he can transfer or sell his claim without any difficulty, which he could not do in the case of a simple book debt: for although a transfer of such a debt is valid, for many purposes, the assignee cannot generally sue in his own name.

When a person gives a note without having received any value, or indorses a note made payable to himself, and returns it to the maker, with a view to its being discounted, or paid for a debt, it is called an *accommodation* note. The object of such a proceeding is to make the accommodator liable, in case the party obliged should fail to pay the note.

Sometimes the holder, when a note has become due, agrees to cancel it, on condition of receiving a new one for the same amount, with the same securities, and the discount till the latter falls due. This process is called *renewing* a note.

In the case of a *joint* note, or one executed by two or more persons, the term "jointly and severally," or the phrase "either or any of us," is inserted, when it is intended that the holders may claim full payment from any of the parties. If the term *jointly* alone is used, the holder can only sue all the makers together; and it is termed a *joint* note. If they promise to pay *jointly and severally*, "or either," "or any" of them, it is a *joint and several* note; and any one of the makers may be sued for the full amount. The case is the same with a note beginning "I promise to pay," and signed by several parties. In the case of a joint and several note signed by two, you might say, "We or either of us:" when it is to be signed by more than two parties, it should be, "We, or any of us —."

A note without consideration is void; and it must further be for *valuable* consideration, or property or services received, before payment can be enforced. The consideration must also be *legal*, that is, it must not be anything forbidden by law. Thus a note for a gambling debt is void. A note is also void, if procured by unfair means, as by making the drawer intoxicated.

## APPENDIX.

If a note is not paid when due, the holder may have it *protested*; that is, he may get a notary public to make out a formal statement that the note was duly presented for payment, which was not made, and a declaration against the drawer for all costs, interest and damages. You have recourse to the indorsers only in the event of the drawer refusing or neglecting to pay. But when this happens, you should give them immediate notice, if you wish to have recourse to them for payment of the amount, costs and damages. Although courts of law consider a protest essential only in the case of drafts, yet it is a common practice to protest notes; and this should be done whenever there is a probability of recourse to judicial measures to recover your dues. When partial payments are made, it is usual to minute them on the note. The amount of a note is sometimes called *the face of the note*.

The holder of a note can sue the maker, or any indorser who precedes himself: but to bind the indorsers, he is bound to give them immediate notice of non-payment by the drawer. When the note becomes due, he is bound to demand payment at the place mentioned. If no place be mentioned, he can demand payment of the drawer at his house or place of business, or wherever he meets him. If an indorser pays a note, he has recourse against the maker and all indorsers before himself, but not against subsequent indorsers. The maker is bound to the holder, though the latter should not demand payment on the day: but his delay will discharge the liability of the indorsers.

A note may be given promising to deliver a specified quantity and quality of goods. Such notes are sometimes called *chattel notes*. They are not allowed days of grace; and in case the promisee should not appear to claim the goods, the promiser must be able to prove that he tendered them at the proper time and place; otherwise he is bound to pay the former their value in cash. Chattel notes are not negotiable; and so far is this principle carried, that it is generally held a note promising to pay bank-notes to such an amount, is not

## PROMISSORY NOTES, DUE-BILLS, ETC.

transferable. A note negotiable where made is negotiable everywhere.

A *Due Bill* is a written acknowledgment that a certain amount of goods or money is due a certain person mentioned, or his order, or simply the bearer. Such acknowledgments are generally given for a certain sum due in goods, or for small sums payable on demand. It is always understood that due bills are payable on demand. They do not differ essentially from notes of hand. Indeed they are only a less formal kind of note; and like ordinary notes they are transferable by indorsation.

An *Order* is a written request to deliver money or goods to some person mentioned, or the bearer, on account of the person signing the order. The person on whom the order is given must be particularly mentioned; otherwise the order is worthless. Such orders are always payable on demand. They are generally delivered to the person in whose favor they are drawn, and, like notes, are not negotiable, unless made payable to order or bearer. Bank *checks* are merely money orders of this kind. The words *for value received* are not generally inserted.

A *Draft* is a written order to pay a specified sum of money to some party mentioned, on account of the drawer. Hence drafts are simply money orders; and they differ from common money orders only in being more formal, and being liable to various peculiar incidents. Instead of being payable on demand, they are more commonly required to be paid at a specified time *after sight*, that is, after they are first presented to the parties on whom they are drawn; and they are generally transmitted by some other means than through the payee. A draft payable on demand is indicated by the term *at sight*. They are allowed days of grace, like notes.

The person who makes out the order is called the *drawer* or *maker*; the person who is required to pay is called the *drawee*. The terms *holder*, *payee*, *indorser*, and *indorsee*, have the same meaning as in the case of notes. The same directions regard-

## APPENDIX.

ing the consideration, time, place, &c., apply equally to notes and drafts.

Drafts are of two kinds, *inland* and *foreign*. It is inland when the drawer and drawee live in the same country, and foreign when they live in different countries.\*

When a draft is payable *after sight*, it is presented to the drawee as soon as convenient. If he is willing to pay the amount, according to the terms of the order, he writes on it *Accepted*, with the date, and signs his name. If he means to pay it at some other place than his usual place of business, he subjoins *payable at such a place*. This is called *acceptance*; and he is now styled the *Acceptor*. The acceptance is often written across the draft, and with red ink, although the particular form is only a matter of taste. To prevent the sum from being increased, the acceptor sometimes writes the amount in words, with red ink, across the draft. Sometimes this is done by the drawer. An *accommodation* draft is one accepted without the drawee being indebted to the drawer, and solely for the latter's accommodation.

Inland drafts are sometimes made payable such a time after date. In such cases, the date of acceptance is not written, as the object of so doing is to fix the time when the draft becomes due. The word *accepted* is also frequently omitted on such bills, the drawee simply writing his name under that of the drawer. The phrase *value received* is employed in all drafts, as well as in notes. When drafts have been accepted, they are properly styled *bills*, although this term is frequently applied to unaccepted drafts.

A draft is protested for non-payment precisely like a note; and it may be protested in a similar way for non-acceptance. The time of maturity is also determined as in the case of notes:

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\* A draft on a person living in another state, is considered a foreign draft.

three days' grace is allowed on all drafts except those payable on demand, or "at sight, *without* grace."

Drafts are transferred or negotiated like notes :\* but the indorsement is frequently *special*, the indorser naming the party to whom or whose order alone the draft is to be paid. This method is adopted as a security against fraud : for in this case the amount cannot be paid to the wrong person without forging the name of the real indorsee.

In the case of foreign drafts, three copies of the same order are generally made out. The three are called *a set of exchange*. They are numbered, and styled *first*, *second*, and *third* of exchange. They differ only in the expression of the number, and the conditional clause regarding the two other numbers, which is generally written within parentheses. The meaning of this clause is, that the drawee is required to pay the one presented, only on condition of his not having already paid either of the other two of the set. The conditional clause sometimes contains the phrase *of the same tenor and date* ; but this is now generally omitted. The payment of one of the set discharges the three. The object of making out three is, that they may be sent by different conveyances, so that one at least may arrive. Although three are still made out when drafts are purchased, not more than two are transmitted, and sometimes only one, as miscarriages are now much less common than formerly.

Foreign drafts are sometimes drawn *at usance*, which means the ordinary period allowed by "the custom of merchants" in that place. Double usance, and half usance, of course mean twice and half that period. Such terms, however, are now rare in drafts, a particular time being mentioned. The time of a draft's maturity is reckoned exactly as in the case of notes ; and when it has been accepted, the rights of the holder and in-

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\*The same words are necessary, in the case of both : a draft payable to "bearer" or "order" is negotiable ; and one without any such expression, is not. The holder has the same right to fill a blank indorsement that he has in the case of notes.

## APPENDIX.

dorsers, and the incidents to which it is liable, are precisely the same.

When a draft is duly accepted and paid, it is said to be *honored*, or receive *due protection*. If due protection be not given, it is said to be *dishonored*.

Drafts may be indorsed before or after acceptance; and much of their utility arises from the possible transfers before acceptance.

There are generally three, and often four parties concerned in a draft. For example; A of New York owes B of New Orleans \$100, while C of New Orleans owes A the same amount. A therefore draws on C for the amount, payable to B or his order. By this means the two debts are discharged, without the risk or trouble of a double transfer of money from one place to the other. Again, instead of C of New Orleans owing A, he may owe D of New York. In this case D will draw on C for the amount, making it payable to his own order; and, looking out for a purchaser, finds A, who wishes to remit money to New Orleans. A pays him the amount: D gives him the draft, having first indorsed it specially to A's creditor, B. A then transmits it to B, who will receive the amount of his claim from C. Thus, by means of the draft, A pays C's creditor, while C pays A's creditor. If D did not care to find a purchaser himself, he might sell his draft at a small discount to a broker, part of whose business it is to buy and sell such commodities; and the broker would keep it until he found a purchaser. Brokers frequently have regular correspondents abroad, on whom they will give a draft at any time, for a small premium, in addition to the amount for which they draw.

The learner may easily see that when those who wish to remit money are more numerous than those who can draw, the latter may demand a premium for giving a preference to one claimant over another. In this case persons have always to pay more for a draft, than the amount payable to the future holder. This generally happens whenever the value of the im-

ports exceeds that of the exports. The case will be reversed if the value of the exports should exceed. Then those who have to draw will be more numerous than those who remit ; and the latter can therefore buy drafts at a discount, which will vary according to circumstances. The price of foreign money, including the premium or deducting the discount, is called the *rate of exchange*. When there is neither premium nor discount, the exchange is said to be *at par*, which means that the foreign money costs exactly its intrinsic value. It often happens, however, that owing to a change in one or both of the currencies, the *real* differs from the *nominal* par, merchants and brokers still continuing to reckon the old values as the par. Thus they say that sterling money is at a premium of 8 per cent. when you pay four dollars and eighty cents for the pound, whereas in reality it is at a discount, the intrinsic value of the pound or sovereign being four dollars eighty-six cents and one tenth. This is owing to the fact that people still consider the dollar worth four shillings and sixpence sterling, the old current value in English seaports, whereas it is in reality worth hardly four shillings and two pence. The distinction between real and nominal par should be abolished wherever there is any fixed currency : for it has misled and puzzled older heads than those of school-boys. All our treatises on book-keeping, for example, direct you to put down a nominal premium of 8 per cent. on a draft on England as so much loss, and a nominal discount of 8 per cent. on an English bill on the United States as so much gain, whereas there is a real gain in the former, and a real loss in the latter case. Where the government is incessantly tampering with the currency,\* as in Turkey, a fixed real par is im-

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\* The extent to which this has sometimes been done may be understood from observing that the English pound, at the Norman conquest, was worth sixty-two shillings of the present coinage, and that the Turkish piastre, which was worth one dollar in 1719, had fallen in 1819 to 19 cents, and is now (1849) hardly worth six cents.

## APPENDIX.

possible : but in such cases it were better to drop the term *par* altogether, and never use it except to express *real par*.

When a person draws on a regular correspondent, or one who has value in his hands, and he gives no notice of the fact by letter, he generally says "charge to account," as in Example 14. If he has advised him by letter, he adds "as per advice," as in Example 13. If he wishes the drawee to pay at all events, he says, "with or without further advice." Sometimes, when the drawer is uncertain whether the drawee will accept, or whether he will be able to pay, supposing he should accept, he writes on a small paper, sent with the bill: "In case of need, apply to A. B.," naming some person who, he knows, will pay the amount, if called upon. When he happens to write the payee, he will of course give him this direction in his letter.

When a bill has been protested for non-acceptance, it is often accepted by the drawer's correspondent, to save the former's credit. In this case he writes on the draft, "*Accepted, supra-protest, for the honor of C. D.*" This is called *accepting supra-protest*. He will of course inform the drawer of what has transpired; and the holder also is bound to give him due notice of non-acceptance by the drawee. If the real acceptor pleases, he may sue the drawer immediately, although this is seldom done. Sometimes the drawee allows the payee to protest a draft, and then accepts it *supra-protest* himself. This is generally done when he has no funds of the drawer's in his hands, and he wishes to secure his right of immediate recourse on him, for payment, costs and damages.

When a correspondent pays a draft which has been protested for non-payment, he is said to pay "*supra-protest, for the honor of C. D.*"

When anything goes wrong with a draft, the drawer should be informed by one of the parties to it as soon as possible; otherwise the right of recourse on him for costs and damages may be lost. When a draft falls due, it should be presented for payment at the place named, or, if no place has been men-

## PROMISSORY NOTES, DUE-BILLS, ETC.

tioned, at the acceptor's place of business. If the acceptor be dead, or he have left the country, it should be presented to his legal representatives, or at the place where he last transacted business. As much trouble and difficulty often arises regarding the proper place of payment, it is desirable that it should always be mentioned, where there is a probability of doubt upon the subject. The same observation applies to notes.

Where a drawee dishonors a bill, the drawer is liable to the payee for the amount, with costs and damages, provided the latter has presented the note at the proper time and place, protested the draft, and given the drawer due notice. If the payee indorse, he is liable to the holder, as well as the drawee. The drawer, drawee and indorsers are liable to the holder, as in the case of notes; and if an indorser pays, he has recourse on preceding parties. The drawer is always responsible to the holder for the amount of the draft; but to bind him for costs and damages, he must have timely notice of the dishonor of his draft by the drawee. The act of accepting binds the acceptor to pay, as if he had given his note; and the *drawer*, *acceptor* and *first holder* of a draft respectively correspond to the *indorser*, *maker*, and *payee* of a note. The payee may demand an acceptance according to the tenor of the bill; and if the drawee will not accept without imposing new conditions, the payee has recourse on the drawer, as if acceptance had been totally refused. If the payee is negligent in presenting the draft for acceptance, he may lose his right of recourse on the drawer for costs and damages. Hence he should always present for acceptance with all convenient speed. Where acceptance or payment is refused, the draft should be immediately protested, although this is not always absolutely necessary in the case of inland drafts. After a protest for non-acceptance, immediate notice must be given to the drawer and indorsers. The holder may thereupon sue without delay, and recover, as in cases of protest for non-payment.

Erasures and alterations are dangerous in all bills, as they

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are apt to excite suspicions of fraud. Where an error has been detected in due time, a new document should be written out. To prevent irremediable errors, every note or draft should be carefully examined by the drawer before he passes it out of his hands.

### *Example 1st. A common Promissory Note.*

\$145.82.

NEW YORK, June 1st, 1850.

Ninety days after date I promise to pay James Linwood, Esq., or order, at the Bank of New York, one hundred and forty-five  $\frac{8}{10}$  dollars, value received.

THOMAS TRUSTY.

### *Example 2d. A Note payable on demand, to Bearer.*

\$30.

GOSHEN, November 1st, 1849.

On demand I promise to pay George Little, Esq., or bearer, for value received, thirty dollars.

ISRAEL HAYNES.

### *Example 3d. A Joint Note.*

\$1000.

NEW YORK, 22d February, 1850.

Ninety days after date we jointly promise to pay Hosea Birdsall, or order, at the Broadway Bank, one thousand dollars, value received.

ALEXANDER CATTANACH.

DONALD McDONALD.

### *Example 4th. A Joint and Several Note.*

\$500.

Thirty days after date we, or either of us, promise to pay Henry P. Roberts, Esq., or order, at the Middletown Bank of Orange County, five hundred dollars, value received.

Mount Hope, July 4th, 1850.

ANDREW BELL.

CYRUS DEWHURST.

PROMISSORY NOTES, DUE-BILLS, ETC.

*Example 5th. A Note for Property.*

WALLKILL, 30th June, 1849.

Twenty days after date, for value received, I promise to deliver to Andrew Dalzell, or order, at my farm in Orange County, one hundred dollars' worth of good Orange County butter, at current market price.

PATRICK CAMPBELL.

*Example 6th. A Due Bill, for Money.*

Due Alexander W. Shaw, or order, for value received, five dollars  $\$5$ .

Middletown, October 31st, 1849.

S. BROADWELL.

*Example 7th. A Due Bill, for Goods.*

\$11.52.

MIDDLETOWN, 23d March, 1849.

Due Henry Dunning, or order, for value received, eleven  $\$11$  dollars, in goods from my store.

SAMUEL DENTON.

*Example 8th. A common Money Order.*

JOSEPH McKEEN, Esq.,

Please pay to William W. Smith, or order, ten dollars, which place to account of

Your most obedient,

Newburg, Oct. 20th, 1849.

DENNIS DUBARDEU.

*Example 9th. An Order for a Balance, including a Receipt.*

WEST FARMS, March 24th, 1849.

JOHN PATTERSON, Esq.,

Please pay William Mullaney, or order, twelve  $\$12$  dollars, for which this shall be your receipt in full of all demands

\$12.50.

MOSES B. PATTERSON.

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### *Example 10th. An Order for Goods.*

JERSEY CITY, April 9th, 1849.

Mr. Donald Campbell will please deliver to James Sheldon,  
or order, goods to the amount of twenty dollars, and charge the  
same to  
DUNCAN CAMERON.

### *Example 11th. A Bank Check.*

\$100.

HAERLEM, December 26th, 1849.

The Cashier of the North River Bank pay to Gregor  
Mac-Gregor, or order, one hundred dollars, and charge the  
same to  
MATTHIAS LANE.

### *Example 12th. An Inland Draft.*

\$120.

ALBANY, February 18th, 1850.

Three days after sight, pay to Abner Bull, or order,  
one hundred and twenty dollars, value received, and place the  
same to the account of  
THOMAS MURRAY.  
Messrs. M. H. Newman & Co.,  
New York.

### *Example 13th. A Foreign Draft, with Advice.*

*First of the Set.\**

NEW YORK, Dec. 18th, 1848.

Exchange for £78.9.11½ stg.

Ten days after sight of this first of Exchange, (second and  
third unpaid,) pay to the order of Messrs. Johnson and Bro-  
thers, Liverpool, seventy-eight pounds nine shillings and eleven  
pence halfpenny sterling, value received, and charge the same  
to account, as per advice, from

LAWRENCE & Co.

Messrs. McAlpin & Baird,  
Glasgow.

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\* See *Day-book*, under December 18th.

## ACCOUNTS SALES AND ACCOUNTS CURRENT.

*Example 14th. A Foreign Draft, without Advice.  
Second of the Set.\**

Exch. for £1,180.13.10½ stg. NEW YORK, Dec. 29, 1848.

At sight of this second of Exchange, (first and third unpaid,) pay to the order of Messrs. Johnson and Brothers one thousand one hundred and eighty pounds thirteen shillings and ten pence halfpenny stg., and charge the same to account.

HENRY HORTON & Co.

Messrs. Baring, Brothers & Co.,  
London.

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### Section IV. Accounts Sales and Accounts Current.

Definition of Accounts Sales—Mode of making them out—Definition of Accounts Current—Two methods—Objection to the common method of calculating and stating interest—New Rule for calculating—Interest should be calculated only at the time of making an actual settlement—Examples.

AN *Account Sales*† is a bill of goods sold by an agent, made out for his employer. It may be made out by Dr. and Cr. like the Leger account of a consignment; or it may be made out by subjoining the various charges, as in the Examples. The latter method is generally adopted, as being the more convenient. An agent sometimes sells at the same time goods belonging to several consignments from the same party. In such cases he must not give the sales of the various consignments in the same account, but keep each separate, so that the employer may readily know the proceeds of each consignment.

An account sales may be rendered before the goods are all

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\* See *Cash-book*, under December 29th.

† This is a barbarous abridgment for *Account of Sales*.

## APPENDIX.

sold ; and this becomes necessary when you are making out the owner's account current while part of the consignment is still on hand. The consignment to which the goods belong should always be particularly mentioned in the preamble, so that there may be no doubt regarding it. Nothing should be put down in the charges but expenses incurred on account of the goods, so that the balance may show the net proceeds up to that time. When the goods are not all sold, a brief minute of those still on hand is generally subjoined.

In making out an account sales, you turn to the Leger account of the consignment, which gives references to the various original entries. To these you turn for the particulars, which must all be given. Where the sales are guaranteed, it is not absolutely necessary to give the names of the purchasers : but it is more satisfactory to the employer to do so ; and therefore it is generally done. The net proceeds should of course agree with the balance of the Leger account. If it does not, there is some error in one or other of the accounts. Where the sales are not guaranteed, and the dues have not all been received, it is proper to add to the exceptions "bad debts," and write "Errors and Bad Debts excepted : " otherwise the agent may become responsible for the gross proceeds of sales.

An *Account Current* is a record of those transactions between two parties which have not been settled up to the date of the account. One should always be made out when a person is settling with a distant correspondent, whose Leger account exhibits various debits and credits not already disposed of : and it is proper to make out an account when you balance your Leger, for every person who has become indebted to you since the last balance. A similar remark applies to accounts sales, which should always be made out when you are taking a general balance. This plan will keep your customers and correspondents duly informed of the state of their affairs, and prevent the business of one period from interfering with that of another.

The simplest method of making out an account current is

## ACCOUNTS SALES AND ACCOUNTS CURRENT.

that exhibited in the following examples. But where the items are very numerous, it may with propriety be arranged in the form of Dr. and Cr., like a Leger account. It is a common practice to write the time the various sums bear interest, and the amount of interest on each, in columns immediately without those containing the principal sums. This method is objectionable, for two reasons. It renders the account confused, by introducing a great number of columns; and it causes much trouble in forcing the accountant to calculate the exact amount of interest due on each sum, a very superfluous labor. It is therefore better to subjoin the interest account, as in the 3d example.\* The following rule for calculating the interest is applicable to all cases where the rate of interest is six per cent., and produces the result more easily than any general rule given in works on Arithmetic. *Multiply every principal by the days added to thirty times the months: then add up the Dr. and Cr. products; and divide the difference of the sums by 6000. The quotient is the balance of interest due, at 6 per cent.* If the rate be higher or lower than this, the amount can be readily found by adding or subtracting the proper fraction. Thus, if the rate be 7 per cent., you add one sixth; if 5 per cent., you subtract one sixth: if the rate be  $6\frac{1}{2}$ , you add one twelfth; if  $5\frac{1}{2}$ , you subtract one twelfth: if the rate be 8 per cent., you add one third; if 4, you subtract one third, and so on.

As I have never met with the above rule in any book, I subjoin a demonstration. Let A, B, C, &c., be the principals on the side yielding the greater interest, and a, b, c, &c., those on the other.  $\frac{A \times 6}{100}$  is the interest of A for one year; and  $\frac{A \times 6 \times m}{100 \times 12}$  ( $= \frac{A \times 30m}{6000}$ ) = the interest for m months. Again, supposing, according to the general practice, (which is suffi-

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\* This method possesses the further advantage of exhibiting all the figures employed in calculating; so that the processes can be more easily verified.

# APPENDIX.

ciently correct for all ordinary purposes,) that the interest of one day is  $\frac{1}{360}$  of the interest for a year, the interest of A for d days is  $\frac{A \times 6 \times d}{100 \times 360} = \frac{A \times d}{6000}$ . Therefore the interest of A for m months and d days is  $\frac{A \times 30m}{6000} + \frac{A \times d}{6000} = \frac{A \times (30m + d)}{6000}$ . Hence the interest of any sum for m months and d days, at 6 per cent., is found by multiplying the principal by the number of days added to 30 times the months, and dividing the product by 6000. The small error regarding the days does not extend to the months, so that the result will always be within a mere trifle of perfect accuracy. Let P, Q, R, &c., and p, q, r, &c., be the products arising from multiplying A, B, C, &c., and a, b, c, &c., by the proper multipliers: then,  $\frac{P}{6000} + \frac{Q}{6000} + \frac{R}{6000} + \&c.$ ,  $\left( = \frac{P + Q + R + \&c.}{6000} \right)$  is the interest due on the greater side, and  $\frac{p + q + r + \&c.}{6000}$  is the smaller. Hence the balance is  $\frac{(P + Q + R + \&c.) - (p + q + r + \&c.)}{6000}$ .

In an account current, every particular must be stated as in the original entries, allowing for the difference of style. These entries are easily found by means of the parties' Leger accounts; and the balances of the two accounts should agree, as in the case of accounts sales.

In the second example of accounts current, interest is not calculated, as this ought not to be done till the time of settlement: otherwise compound interest will frequently be charged within the year, which is contrary to all sound principles of equity. The example is supposed to be Walter Gibson's copy: that for Frederic Richter would differ only in the name of the party.

*Example 1st. Account Sales, where the goods are all sold.*

**Sales of 4 Bales Cloth, received by the Apollo, sold on account of Messrs. Johnson & Brothers, Merchants, Liverpool.\***

1848			\$	cts.
Sep.	16	Sold to Galen Otis, Buffalo, Bale No. 1, 21 pieces, black, 840 yds., at \$4.50.....	3,780	—
		“ “ 8, 19 “ , “ , 704 “ at \$4.75.....	3,844	—
		“ “ 4, 20 “ , “ , 805 “ at \$4.25.....	3,421	25
		Received in cash.....\$5,000.00		
		“ a note for the balance, due Dec. 4th, 5,545.25		
		<u>\$10,545.25</u>		
	27	Sold to Niel Stewart, Albany, on his note at 60 days, Bale No. 2, 22 pieces blue, 670 yds., at \$4.90.....	3,283	—
		Amount of Sales.....	13,828	25
		<u>Charges.</u>		
July	1	Duty, 30 per cent. ad val.....\$3,165.75		
		Freight, primage, and wharfage..... 83.60		
		Cartage..... 0.75		
		Custom-house fees..... 1.25		
		Postage..... 0.29		
Aug	17	Advertising..... 4.25		
Dec.	29	Storage..... 2.50		
		Commission and guarantee, 6 per cent. on \$13,828.25.....829.70		
		Interest on \$8,201.64 from July 1st to Oct. 20th..... 58.70	4,096	79
		<u>Net proceeds, at J. &amp; B.'s credit, due by average, Oct. 20th.....</u>	9,781	46
		E. E. New York, Dec. 29th, 1848. }		
		P. STEPHENS.		

\* See *Leger*, folio 4.

*Example 2d. Account Sales, where part of the goods is still unsold.\**

Sales of Linen, received by the Holstein, sold on account of Walter Gibson, New Orleans, Frederic Richter, Hamburg, and Lawrence & Co., New York, each party one third concerned.

1848			\$	cts.
Oct. 2	Sold Wells & Ansted, Broad street, for Mdse.,			
	5 cases, Nos. 1 to 5, 5,000 yds., at 60 cts. ....		3,000	—
4	Sold John Pinel, for sundry notes, due by average			
	in 8 days,			
	5 cases Nos. 6 to 10, 5,000 yds., at 65 cts. ....		3,250	—
16	Sold at auction to Wickham & Denny, for cash,			
	4 cases, Nos. 11 to 14, 4,000 yds., at 65 cts. ....		2,600	—
23	Sold Hiram Beakes, Honesdale, Pa., for cash,			
	4 cases, Nos. 15 to 18, 4,000 yds., at 67 cts. ....		2,680	—
	Amount of Sales .....		11,530	—
	<i>Charges.</i>			
Sep. 5	Postage .....	\$ 0.85		
18	Duty, 20 per cent. ad val. on \$8,750 .....	1,750.00		
	Custom-house fees .....	1.50		
20	Freight, primage, and wharfage .....	84.80		
	Advertising \$2.30: postages 69 cts.: cartage \$1, 3.99			
Oct. 16	Commission paid on goods sold at auction,			
	3 per cent. on \$2,600 .....	78.00		
	Cartage of do. ....	1.00		
23	Charges on goods sold Hiram Beakes. ....	2.75		
Dec. 30	Commission and guarantee, 5 per cent. on			
	\$18,402.39 .....	670.12		
	Storage .....	10.00	2,552	51
	Net Proceeds .....		8,977	49
	W. Gibson's third, at his credit, is .....	\$2,992.50		
	Still unsold, 2 cases, Nos. 19 and 20; 2,000 yds.,			
	cost .....	\$918.75.		
	New York, Dec. 30th, 1848. }			
	E. E. }	P. STEPHENS.		

\* See *Leger*, folio 7, and *Memorandum-book*, page 8.

*Example 3d. Account Current, rendered on making a general settlement.\**

Messrs. Johnson & Brothers, Liverpool,  
in Account Current with Lawrence & Co., N. Y.

1848		<i>Dr. to</i>	\$	cts
Sep. 30		Cash, paid you, on our acct. by Capt. Trusty,	1,650	—
Oct. 7		Our Invoice of flour, per William Henry,	2,019	25
Dec. 18		Our draft, at 10 days' sight, on McAlpin & Baird,	383	71
	29	Postage,		58
	"	Draft, at sight, on Baring, Bros. & Co., exchange at 10 per cent., for £1,180.13.10½ stg.,	5,772	28
			9,825	82
		<i>Cr. by</i>		
	29	Net proceeds of consignment per Apollo, as per A. S., due Oct. 20th,	9,731	46
	"	Interest, as per account annexed,	94	36
			9,825	82

*Interest.*

Due us, on \$1,650 for 2 mos. 29 days :  $1,650 \times 89 = 146,850$   
 " " " 294.25 " 2 " 22 " :  $294.25 \times 62 = 24,128.50$   
 170,978.50

Due you, on \$9,731.41, for 2 m. 9 d. :  
 $9,731.41 \times 69 = 671,567.29$   
 " " " 1,725 for 1 m. 8 d. :  
 $1,725 \times 38 = 65,500$   
 737,117.29

6,000 ) 566,138.79

Balance in your favor, carried to A. C. . . \$94.36  
 New York, Dec. 29th, 1848. }  
 E. E. } P. STEPHENS.

\* See *Leger*, folio 10.

**Example 4th. Account Current, rendered where no settlement has been made.\***

Walter Gibson, Esq., New Orleans,  
in Account Current with Lawrence & Co., N. York.

1848		<i>Dr. to</i>	\$	cts.
Aug 11		Our Invoice of Cloth, per Triton.....	2,582	48
Dec. 16		Sales of Consignment per Dolphin.....	5,314	28
"		Your Draft on Antonio Bolzano, at 30 days.....	850	—
30		Your half of loss on Brig Blackbird, as per A. C.†..	259	46
"		<i>Balance</i> , at your credit in new account.....	12,450	78
			20,957	—
				—
		<i>Cr. by</i>		
Aug 14		Our Draft on you, at 30 days.....	2,582	48
17		Our third of Cotton, per Seagull.....	3,042	61
Sep. 5		Our third of shipment to Hamburg, per Elbe.....	1,410	09
Oct. 2		Your Invoice of Cotton to Pezron & Co., per Napoleon.....	7,262	40
Dec. 30		Your third of our sales of Cotton, per Seagull.....	3,666	92
"		" " " " " " Linen, per Holstein.....	2,992	50
			20,957	—
				—
"		<i>Balance</i> , in your favor, brought down.....	12,450	78
		E. E.		
		New York, Dec. 30th, 1848.		
		P. STEPHENS.		

\* See *Leger*, folio 4.

† The Agent for a vessel makes out her Account Current, when he balances his *Leger*, debiting for payments and crediting for receipts on her account. The title would run thus: "The Brig Blackbird,—in Account Current with Owners." A copy is sent to every one of the owners.

